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ORDINANCE NO. 2009-12

AN ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING BY THE CITY OF LAFAYETTE, INDIANA, OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE SEWAGE WORKS OF THE CITY, THE ISSUANCE AND SALE OF REVENUE BONDS TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SEWAGE WORKS, THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF THE REVENUE BONDS, AND OTHER RELATED MATTERS, INCLUDING REPEALING ORDINANCES INCONSISTENT HERewith.

WHEREAS, the City of Lafayette, Indiana (the "City"), has heretofore established and constructed and currently owns and operates a sewage works for the collection and treatment of sewage and other wastes (the "Sewage Works"), pursuant to the provisions of Indiana Code 36-9-23 and other applicable laws including Indiana Code 5-1, as in effect on the issue date of the obligations authorized herein, as amended (the "Act"); and

WHEREAS, the Common Council of the City (the "Common Council") hereby finds that certain improvements and extensions to the Sewage Works are necessary consisting of construction and equipping of improvements to the City's existing wastewater treatment facility and collection system as more particularly described in Exhibit A hereto; and that Greeley & Hansen Engineering, Indianapolis, Indiana, the project engineers employed by the City (the "Project Engineers"), have prepared and filed plans, specifications, detailed descriptions and estimates of the costs of such improvements and extensions to the Sewage Works, which plans, specifications, descriptions and estimates, to the extent required by law, have been duly submitted to and approved or will be approved by all governmental authorities having jurisdiction thereover (the improvements and extensions to the Sewage Works as in such engineers' plans and specifications and in Section 2 of this Ordinance are referred to herein as the "Project"); and

WHEREAS, the Common Council further finds that the estimates prepared and delivered by the Project Engineers with respect to the costs (as defined in Indiana Code 36-9-23-11) of acquisition, construction, installation and equipping of such improvements and extensions to the Sewage Works (as defined in Indiana Code 36-9-1-8, as amended, and in the Act), and including all authorized expenses relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account of the financing of all or a portion thereof will be in the aggregate amount not to exceed Three Million One Hundred Twenty Five Thousand Dollars (\$3,125,000); and

WHEREAS, the Common Council hereby finds that to provide funds necessary to pay for a portion of the costs of the Project, it will be necessary for the City to issue sewage works revenue bonds, in one (1) or more series, in the amount not to exceed Three Million One

Hundred Twenty Five Thousand Dollars (\$3,125,000) and, if necessary, BANs in an amount not to exceed Three Million One Hundred Twenty Five Thousand Dollars (\$3,125,000); and

WHEREAS, the City desires to authorize the issuance of sewage works revenue bonds, in one (1) or more series, payable from the Net Revenues (as hereinafter defined) of the Sewage Works, and BANs, if necessary, payable from proceeds of such sewage works revenue bonds, issued to finance the aforementioned portion of the costs of the Project, and to authorize the refunding of said BANs, if issued; and

WHEREAS, the Common Council finds that there are now outstanding bonds issued on account of the construction of the City's sewage works and payable out of the revenues therefrom, consisting of: (i) the City of Lafayette, Indiana, Sewage Works Revenue Bonds of 2000, dated June 23, 2000, originally issued in the aggregate principal amount of \$59,630,000 pursuant to Ordinance No. 2000-22 (the "2000 Ordinance"), and now outstanding in aggregate principal amount of \$45,860,000 (the "2000 Bonds"); (ii) the City of Lafayette, Indiana, Sewage Works Revenue Bonds of 2001, Series A, dated June 29, 2001, originally issued in the aggregate principal amount of \$12,000,000 pursuant to Ordinance No. 2001-23 (the "2001 Ordinance"), and now outstanding in the aggregate principal amount of \$9,197,000 (the "2001 Bonds"); (iii) the City of Lafayette, Indiana, Sewage Works Revenue Bonds of 2002, dated as of May 1, 2002, originally issued in the aggregate principal amount of \$30,000,000 pursuant to Ordinance No. 2002-03, as amended by Ordinance No. 2002-17 (the "2002 Ordinance") and now outstanding in the aggregate principal amount of \$2,430,000 (the "2002 Bonds"); (iv) the City of Lafayette, Indiana Sewage Works Revenue Bonds of 2006, dated June 22, 2006, originally issued in the aggregate principal amount of \$27,570,000 pursuant to Ordinance No. 2006-09 (the "2006 Ordinance") and now outstanding in the aggregate principal amount of \$26,190,000 (the "2006 Bonds"); (v) the City of Lafayette, Indiana Sewage Works Refunding Revenue Bonds of 2006, dated October 15, 2006, originally issued in the aggregate principal amount of \$26,590,000 pursuant to the 2006 Ordinance and now outstanding in the aggregate principal amount of \$26,270,000 (the "2006 Refunding Bonds") and (vi) the City of Lafayette, Indiana Sewage Works Revenue Bonds of 2008, dated June 4, 2008, originally issued in the aggregate principal amount of \$4,950,000 pursuant to Ordinance No. 2008-10, as amended by Ordinance No. 2008-16 (collectively, the "2008 Ordinance") and now outstanding in the aggregate principal amount of \$4,855,000 ("the 2008 Bonds") (the 2000 Ordinance, the 2001 Ordinance, the 2002 Ordinance, the 2006 Ordinance and the 2008 Ordinance shall be collectively referred to as the "Prior Ordinances"), (the 2000 Bonds, the 2001 Bonds, the 2002 Bonds, the 2006 Bonds, the 2006 Refunding Bonds and the 2008 Bonds shall be collectively referred to as the "Prior Bonds"); and

WHEREAS, the Prior Ordinances authorize the issuance of additional revenue bonds ranking on parity basis with the Prior Bonds for the purpose of financing the cost of future additions, extensions and improvements to the Sewage Works, provided that certain conditions are met; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of revenue bonds, in one (1) or more series, on a parity basis with the Prior Bonds, and BANs, to provide the necessary funds to be applied to the cost of the Project and authorized costs relating thereto, have been complied with in accordance with the provisions of the Act and Indiana Code 5-1-14-5; and

WHEREAS, this Council consequently seeks to authorize the issuance of revenue bonds, in one (1) or more series, and BANs, if necessary, to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and IC 5-1-14-5, as applicable, and the sale of such revenue bonds to the Indiana Finance Authority (the "Authority") as part of its wastewater loan program established and existing pursuant to IC 4-4-11 and IC 13-18-13 ("SRF Program"), or at a public sale pursuant to the provisions of the Act and IC 5-1-11, and the sale of any such BANs pursuant to the provisions of the Act and IC 5-1-14-5, subject to and dependent upon the terms and conditions hereinafter set forth; and

WHEREAS, if the revenue bonds, in one (1) or more series, or the BANs are sold to the Authority as part of its SRF Program, the City expects to enter into a Financial Assistance Agreement, substantially similar in character to the one (1) attached hereto as Exhibit B, between the City and the Authority, pertaining to the Project and the financing thereof (the "Financial Assistance Agreement");

WHEREAS, the City may accept other forms of financial assistance, as and if available, from the SRF Program; and

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF LAFAYETTE, INDIANA, AS FOLLOWS:

Section 1. Acquisition, Construction, Installation and Equipping of the Project. The City, acting by and through the Common Council and as the owner and operator of the Sewage Works for the collection and treatment of sewage and other wastes, hereby orders, authorizes and directs the City to acquire any and all necessary property and to proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Sewage Works, pursuant to the Act and in accordance with the plans, specifications and cost estimates heretofore prepared and filed with the Common Council by the Project Engineer employed by the City, which plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance, and two (2) copies of which are now on file in the office of the Controller of the City and are open for public inspection. The actions of the Common Council in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Sewage Works are hereby authorized, approved, ratified and confirmed.

Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board or commission. The term "Act" where used in this Ordinance shall be construed to mean Indiana Code 36-9-23 and other applicable laws including Indiana Code 5-1, as in effect on the issue date of the obligations authorized herein (the "Act"). The terms "Sewage Works," "sewage works," "works" and similar terms used in this Ordinance shall be construed to mean and include all structures and property of the City's municipal sewage works utility, including items defined in the Act, and includes the sewage works and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, whether from the proceeds of the BANs and bonds herein authorized or otherwise; provided further, that if the bonds or BANs are purchased pursuant to the Financial Assistance Agreement,

such terms as used herein shall mean the Treatment Works (as defined in the Financial Assistance Agreement).

Section 2. Description of the Project. The Project generally includes collection system improvements and extensions along with engineering design and analysis costs. The City shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Ordinance and in the Act.

Section 3. The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay a portion of the costs of the Project, together with authorized expenses relating thereto including the costs of issuance of the Bonds (as hereinafter defined) on account thereof, and refunding the BANs described below, if any, the City shall issue and sell its sewage works revenue bonds, in one (1) or more series, in the aggregate principal amount not to exceed Three Million One Hundred Twenty Five Thousand Dollars (\$3,125,000) (the "Bonds"). The principal of, redemption premium, if any, and interest on each series of Bonds shall be payable solely out of the Sewage Works Sinking Fund referred to and defined below, on a parity basis with the Prior Bonds. The amount of Bonds issued shall be determined by the Mayor of the City (the "Mayor") and the Controller of the City (the "Controller" and together with the Mayor, and either acting individually or collectively, the "Approving Officials")

Any other provisions of this Ordinance to the contrary notwithstanding, the Bonds of each series shall be issued on a parity basis with the Prior Bonds, and none of the provisions of this Ordinance shall be construed to affect the rights of the holders of the Prior Bonds (except as may be consented to by the Authority with respect to the 2000 Bonds and the 2001 Bonds). The Controller is authorized to employ H.J. Umbaugh & Associates, Certified Public Accountants, LLP, Indianapolis, Indiana, the financial advisor to the City (the "Financial Advisor"), to perform any and all computations necessary to confirm the preliminary evidence and findings demonstrating compliance with the conditions set forth in the Prior Ordinances for issuance of additional revenue bonds on a parity basis with the Prior Bonds. The City shall not issue the Bonds without first receiving a certificate from the Financial Advisor in form and substance satisfactory to the Controller and bond counsel and to the effect that the City and the Sewage Works are in compliance in all material respects with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on a parity basis with the Prior Bonds.

The Bonds shall be designated as the "City of Lafayette, Indiana, Sewage Works Revenue Bonds of 2009" (with any series designation, as appropriate) and shall be issued in an aggregate principal amount not to exceed Three Million One Hundred Twenty Five Thousand Dollars (\$3,125,000). The Bonds shall be issued as fully registered bonds in denominations of One Thousand Dollars (\$1,000) (except for any Bonds sold to the Authority as part of the SRF Program, such denomination may be One Dollar (\$1.00)) or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in any one (1) year, shall be numbered consecutively from 09R-1 upward and shall bear interest at a rate not to exceed (i) five percent (5%) per annum for any Bonds sold to the Authority as part of the SRF Program or (ii) seven and one-half percent (7.5%) per annum for any Bonds sold on the open market (provided separate maximum interest rates for an individual maturity or group of maturities may be selected by the Approving Officials with the advice of the City's Financial Advisor for purposes of specifying bidding requirements) per annum (the exact rate or rates to be determined by the

SRF Program or by bidding). Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year and shall be payable semiannually on January 1 and July 1 in each year (each an "Interest Payment Date"), beginning no later than either the next July 1 or January 1 following the issuance of the Bonds, with the specific date to be determined prior to the issuance of the Bonds and by the Controller based upon the advice of the Financial Advisor, and to be memorialized in the Controller's Certificate (as hereinafter defined), until principal is fully paid. The principal of the Bonds shall mature serially on January 1 beginning no later than January 1, 2011 (or commencing on such other date as provided in the Financial Assistance Agreement), over a period ending no later than January 1, 2032. The final principal amortization schedule for the Bonds shall be certified by the Controller, based on the advice of the Financial Advisor to effectuate annual debt service as level as practicable when considering required minimum denominations and either based solely on the Bonds or the combined debt service of the Bonds and the Prior Bonds (or for any Bonds sold to the Authority as part of the SRF Program, in such amount as may meet the requirements of the SRF Program as provided by the maturities set forth in the Financial Assistance Agreement), and to be set forth in the Controller's Certificate prior to the sale of the Bonds.

The Bonds shall bear an original issue date which shall be the date of delivery of such series of Bonds or the first day of the month in which such Bonds are delivered, as determined by the Controller (unless otherwise provided in the Financial Assistance Agreement if sold to the Authority), and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before the thirtieth day of the calendar month immediately preceding the first Interest Payment Date shall pay interest from its original issue date (unless otherwise provided in the Financial Assistance Agreement if sold to the Authority). Any Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest thereon has been paid or duly provided for, unless such Bond is authenticated after the thirtieth day of the calendar month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

Section 4. The BANs. (a) The City, having satisfied all the statutory requirements for the issuance of its Bonds, has the authority to elect to issue its BAN or BANs (as defined hereinafter) to (i) the Indiana Bond Bank pursuant to a "Purchase Agreement"; or (ii) a financial institution or other purchaser pursuant to Indiana Code 5-1-14-5 or the SRF Program. The Common Council hereby authorizes the issuance and execution of the BAN or BANs, if necessary, in lieu of initially issuing Bonds to provide interim construction financing for the Project until permanent financing becomes available. If so determined by the Approving Officials, the City shall issue its BANs for the purpose of procuring interim financing to apply to the cost of the Project.

(b) As an alternative to public sale as hereinafter authorized or other private sale herein provided, the Controller, with the advice of the City's Financial Advisor, may negotiate the sale of the Bonds and BANs to the Authority at an interest rate not exceeding the maximum rate(s) hereinbefore fixed. The Approving Officials are hereby authorized to (i) submit an application to the SRF Program both as deemed appropriate by any such officials, (ii) negotiate the terms of and execute and deliver a Financial Assistance Agreement between the City and the Authority pursuant to Indiana Code 13-18-13 and 4-4-11 (in a form substantially similar to that attached hereto as Exhibit B, but with such changes in form or substance as such officers or

officials may approve as conclusively evidenced by their signature thereof), or both as deemed appropriate by such officers or officials and (iii) sell, execute and deliver the Bonds and BANs, upon such terms as are acceptable to such officers or officials and consistent with the terms of this Ordinance.

(c) The City may receive payment for the Bonds and BANs in installments. With respect to any Bonds sold to the Authority as part of the SRF Program, to the extent that the total principal amount of the Bonds is not paid by the purchaser or drawn down by the City, as of the date no additional amounts may be drawn under the Financial Assistance Agreement, the remaining Bond maturities shall be reduced in a manner that will effect as level debt service as practicable for such remaining maturities and in a manner consistent with how the initial maturities were fixed, provided however such shall in any case be consistent with the Financial Assistance Agreement.

Notwithstanding anything contained herein, the City may accept any other forms of financial assistance, as and if available, from the SRF Program (including without limitation any forgivable loans, grants or other assistance whether available as an alternative to any Bond related provision otherwise provided for herein or as a supplement or addition thereto). If required by the SRF Program to be eligible for such financial assistance, one (1) or more of the series of the Bonds or BANs issued hereunder may be issued on a basis such that the payment of the principal of or interest on (or both) such series of Bonds or BANs is junior and subordinate to the payment of the principal of and interest on other series of Bonds or BANs issued hereunder (and/or any other revenue bonds secured by a pledge of Net Revenue, whether now outstanding or hereafter issued), all as provided by the terms of such series of Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be as provided in the Financial Assistance Agreement and the Bonds or BANs of each series issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of Bond or BAN otherwise contained herein).

(d) The BAN or BANs shall be issued in an aggregate amount not exceeding the aggregate principal amount of the Bonds authorized by this Ordinance and shall be designated "City of Lafayette, Indiana Bond Anticipation Note of 2009" [with the year and any series or other references added, revised or removed as appropriate]. Any such BAN or BANs shall have an initial maturity not to exceeding five (5) years and shall be dated the first day of the month in which issued or sold or the date of delivery as determined by the Approving Officials with the advice of the City's Financial Advisor. Any such BAN or BANs shall pay interest semiannually on January 1 and July 1 in each year, beginning no later than either the next July 1 or January 1 following the issuance of the BANs until maturity. Interest may be paid from the capitalized interest and net revenues (herein defined as gross revenues after reduction only for the payment of the reasonable expenses of operation, repair and maintenance) derived from the Sewage Works ("Net Revenues"). Interest shall be calculated based on an actual days basis using a 365-day year. Any such BAN or BANs shall bear interest at a rate or rates not exceeding six percent (6%) and may be sold at a discount not to exceed two and one-half percent (2.5%). The BANs herein authorized are payable from the proceeds of the Bonds and other funds available to the Sewage Works. Any such BAN or BANs shall be subject to early redemption ninety (90) days after the dated date, upon seven (7) days notice to the owner of such BAN, without a premium. The BANs may be issued in one (1) or more series of BANs as determined by the Approving Officials with the advice of the City's Financial Advisor prior to advertising or negotiating a sale

of the BANs. The BANs are subject to renewal or extension, without further action by the Common Council at an interest rate or rates not to exceed seven percent (7%) per annum (the exact rate or rates to be determined by bidding, or through negotiations with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

(e) It shall not be necessary for the City to repeat the procedures for the issuance of its Bonds; the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs. The City shall issue the Bonds described and authorized in this Ordinance to discharge its obligations under the BAN and BANs at or before the maturity date of the BAN or BANs.

(e) Notwithstanding any provision of this Ordinance to the contrary, if determined by an Approving Official to be advantageous as evidenced by its use in the Bonds or BANs issued, the BAN or BANs may be issued in either (i) One Hundred Thousand Dollar (\$100,000) denominations and increments of One Thousand Dollars (\$1,000) in excess thereof or (ii) One Dollar (\$1.00) denominations and increments thereof.

Section 5. Registrar and Paying Agent; Payment on Bonds. The Controller is hereby authorized to contract with a qualified financial institution to serve as registrar and a paying agent for the Bonds and the BANs (the "Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including without limitation the authentication of the Bonds. The Controller is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Sinking Fund previously established and continued by this Ordinance.

As to the Bonds and BANs, (a) if the Bonds or the BANs are sold to the Authority or the Indiana Bond Bank or (b) if purchased by any other purchaser that does not object to such designation, the Controller shall be designated as the Registrar and Paying Agent for the Bonds or BANs and shall be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent; provided, that, the Authority may elect, in its own discretion, to require the Registrar and Paying Agent to be a bank or trust company of the Authority's choosing. The City may enter into a trust agreement or similar agreement with a bank or trust company (acceptable to the Authority, if the Authority is the holder of the Bonds) providing for the disbursement of moneys deposited into the Construction Account (as hereinafter defined) and the holding of all or a portion of the Sinking Fund.

The Registrar and Paying Agent, if not the Controller, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the City and by first-class mail to each registered owner of the Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Any such notice to the City may be served personally or sent by certified mail. The Registrar and Paying Agent may also be removed at any time as Registrar

and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar. Any predecessor Registrar and Paying Agent shall deliver all of the Bonds and cash in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Controller is hereby authorized to act on behalf of the City with regard to any of the aforementioned actions of the City relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Principal of and any redemption premium on the Bonds, and principal and interest on the BANs, shall be payable at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth day of the month immediately preceding the Interest Payment Date (the "Record Date") or at such other address as may be provided to the Paying Agent in writing by such registered owner. Notwithstanding the foregoing, principal of and interest on the Bonds or BANs, if registered in the name of the Authority as part of the SRF Program, shall be paid by wire transfer to a financial institution if and as directed by the Authority on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of the Bonds or BANs, the Bonds or BANs shall be presented for payment as directed by the Authority. All payments on the Bonds and the BANs shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Interest on the Bonds or BANs sold to the Authority shall be paid from the dates of payment for the Bonds or BANs. Interest on other Bonds or BANs which are authenticated on or before the Record Date which precedes the first Interest Payment Date shall be paid from their original date. Interest on Bonds or BANs authenticated subsequent to the Record Date which precedes the interest payment date thereon shall be paid from the interest payment date to which interest has been paid as of the date on which such Bonds or BANs are authenticated, unless a Bond or BAN is authenticated between the Record Date and the interest payment date in which case the interest shall be paid from such interest payment date. Bonds or BANs authenticated on or subsequent to the first interest payment date shall be dated as of the interest payment date to which interest has been paid as of the date on which such Bonds or BANs are authenticated.

If any Bond or BAN shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with its depository bank an amount sufficient to pay such Bond or BAN or the redemption price, as the case may be, and thereafter the registered owner shall look only to the funds so deposited in trust with the bank for payment and the City shall have no further obligation or liability in respect thereto.

Section 6. Transfer and Exchange of Bonds. Each Bond and BAN shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Bond or BAN together with a written instrument of

transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds (or BAN or BANs) in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. Each Bond and BAN may be transferred or exchanged without cost to the registered owner, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond or BAN (i) during the period beginning after the fifteenth day of the month immediately preceding an Interest Payment Date and ending on such Interest Payment Date or (ii) after the mailing of notice calling such Bond or BAN for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond or BAN is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof and interest thereon.

In the event any Bond or BAN is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new Bond or BAN of like date, maturity and denomination as the mutilated, lost, stolen or destroyed Bond or BAN, as the case may be, which new Bond or BAN shall be marked in a manner to distinguish it from the Bond or BAN for which it was issued; provided, that in the case of any mutilated Bond or BAN, such mutilated Bond or BAN shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond or BAN there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event that any such mutilated, lost, stolen or destroyed Bond or BAN shall have matured or been called for redemption, instead of causing to be issued a duplicate Bond or BAN, the Registrar and Paying Agent may pay the same upon surrender of the mutilated Bond or BAN or upon satisfactory indemnity and proof of loss, theft or destruction in the case of a lost, stolen or destroyed Bond or BAN. The City and the Registrar and Paying Agent may charge the owner of any such Bond or BAN with their reasonable fees and expenses in connection with the above. Every substitute Bond or BAN issued by reason of any Bond or BAN being lost, stolen or destroyed shall, with respect to such Bond or BAN, as the case may be, constitute a substitute contractual obligation of the City pursuant to this Ordinance, whether or not the lost, stolen or destroyed Bond or BAN shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other Bonds or BANs, as the case may be, duly issued hereunder.

Section 7. Optional Prepayment of BANs; Optional Redemption of Bonds; Term Bonds. The BANs are prepayable by the City, in whole or in part, at any time beginning ninety (90) days after their issue date upon seven (7) days' notice to the owner of the BANs without any premium (or upon such other terms as determined by the Controller as reflected in the Controller's Certificate). In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the BANs.

Prior to the publication of notice with respect to the sale of the Bonds, the Controller, based upon the advice of the Financial Advisor, shall certify in the Controller's Certificate the

terms upon which the Bonds shall be subject to redemption at the option of the City, which redemption may be in whole or in part, upon thirty (30) days written notice to the registered owner or owners of the Bonds to be redeemed, in amounts and maturities to be determined by the City and by lot within any such maturity or maturities, and at a redemption price expressed as a percentage of the principal amount of each Bond to be redeemed (not in excess of one hundred two percent (102%) of such principal amount) in accordance with the Controller's Certificate, plus accrued interest to the date of redemption. The first date upon which the Bonds may be redeemed shall in no event precede the fifth anniversary of the date of delivery of the Bonds.

If less than all of the Bonds are called for redemption at one time, the Bonds shall be redeemed in (a) inverse order of maturity for any Bonds sold to the Authority as part of the SRF Program and by lot within a maturity and (b) any order determined by the City for any other Bonds and by lot within a maturity. Each One Thousand Dollars (\$1,000) principal amount shall be considered a separate bond (except for any Bonds sold to the Authority as part of the SRF Program, such amount shall be One Dollar (\$1.00)) for purposes of optional and mandatory redemption. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

Official notice of such redemption shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

In addition to the foregoing notice, the City may also direct that further notice of redemption of the Bonds be given, including without limitation and at the option of the City, notice described in paragraph (a) below given by the Registrar and Paying Agent to the parties described in paragraphs (b) and (c) below. No defect in any such further notice and no failure to give all or any portion of any such further notice shall in any manner defeat the effectiveness of any call for redemption of Bonds so long as notice thereof is mailed as prescribed above.

(a) If so directed by the City, each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued;

(iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) If so directed by the City, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) If so directed by the City, each such further notice shall be published one (1) time in The Bond Buyer of New York, New York or, if the Registrar believes such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

Upon the payment of the redemption price of the Bonds (or portions thereof) being redeemed and if so directed by the City, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds (or portions thereof) being redeemed with the proceeds of such check or other transfer.

As determined by the successful bidder for the Bonds, and as to be set forth in the certificate of the Controller regarding the award of the Bonds (the "Award Certificate"), all or a portion of the Bonds may be aggregated into one (1) or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of January 1 in the years determined by the successful bidder, consistent with the principal maturities provided in the notice of the sale of the Bonds, and as set forth in the Award Certificate.

In the event that the winning bidder opts to aggregate certain Bonds into Term Bonds, such Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on January 1 or July 1 of each year in the principal amounts set forth in the Award Certificate.

The Registrar and Paying Agent shall credit against any mandatory sinking fund requirement for a Term Bond of a particular maturity, any Bonds of such maturity delivered to the Registrar and Paying Agent for cancellation or purchased for cancellation by the Registrar and Paying Agent and cancelled by the Registrar and Paying Agent and not theretofore applied as a credit against any mandatory sinking fund requirement. Each Bond so delivered or purchased shall be credited by the Registrar and Paying Agent at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund requirements for the applicable Term Bond in inverse order of mandatory sinking fund redemption (or final maturity) dates, and the principal amount of such Term Bond to be redeemed on such mandatory sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly; provided, however, the Registrar and Paying Agent shall only credit Bonds against

the mandatory sinking fund requirements to the extent such Bonds are received on or before 45 days preceding the applicable mandatory sinking fund redemption date.

The Registrar shall determine by lot (treating each \$1,000 principal amount of each Bond as a separate Bond for such purpose) the Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on January 1 of each year.

Notice of any such mandatory sinking fund redemption shall be given in the manner provided in this Section 5 of this Ordinance.

Section 8. Execution and Authentication of the Bonds and BANs; Book-Entry Form. The Bonds and the BANs shall be executed in the name of the City by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Controller, who shall cause the seal, if any, of the City or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond or BAN shall cease to be such official before the delivery of such Bond or BAN, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds and BANs, the Bonds and BANs shall be fully negotiable instruments under the laws of the State of Indiana.

The Bonds and the BANs may, in compliance with all applicable laws, be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"). The City and Registrar may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Bonds or the BANs, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds or BANs.

During any time that the Bonds or the BANs are held in book-entry form on the books of a Clearing Agency (1) any such Bond or BAN may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & CO., as nominee of the Depository Trust Company; (2) the Clearing Agency in whose name such Bond or BAN is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bond or BAN for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of, premium, if any, on and interest on such Bond or BAN, the receiving of notice and giving of consent; (3) neither the City nor the Registrar or Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bond or BAN, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bond or BAN or any responsibility or obligation hereunder with respect to the receiving of payment of principal, premium, if any, or interest on any Bonds or BANs, the receiving of notice or the giving of consent; and (4) the

Clearing Agency is not required to present any Bond or BAN called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of the Bonds or the BANs to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the Bonds or the BANs or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the Bonds or the BANs, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds or the BANs, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the Bonds or the BANs and to transfer the ownership of each of the Bonds or the BANs to such person or persons, including any other Clearing Agency, as the holder of the Bonds or the BANs may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the Bonds or the BANs, shall be paid by the City.

During any time that the Bonds or the BANs are held in book-entry form on the books of a Clearing Agency, the Registrar and Paying Agent shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of the Bonds or the BANs as of a Record Date (as hereinafter defined) selected by the Registrar and Paying Agent. For purposes of determining whether the consent, advice, direction or demand of a Registered Owner of the Bond or BAN has been obtained, the Registrar or Paying Agent shall be entitled to treat the beneficial owners of the Bonds or BANs as the Bondholders or holders of the BANs.

During any time that the Bonds or BANs are held in book-entry form on the books of a Clearing Agency, the Controller and/or the Registrar are authorized to enter into a Letter of Representations agreement with the Clearing Agency, and the provisions of any such Letter of Representations or any successor agreement shall control on the matters set forth herein.

Section 9. Security and Sources of Payment for the Bonds. Each series of Bonds, to the extent paid for and delivered to the purchaser or purchasers thereof, together with any bonds issued on a parity basis therewith, as to both principal and interest, shall be valid and binding special revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a first charge upon all of the Net Revenues derived from the Sewage Works, on a parity basis with the Prior Bonds, including all such net revenues from the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Sinking Fund as herein provided. This pledge of Net Revenues, made pursuant to Indiana Code 5-1-14-4, constitutes a pledge that is immediately subject to the lien of the pledge without any further act, and the lien of the pledge is binding against and prior to all parties having claims of any kind in tort, contract or otherwise against the City, regardless of whether the parties have notice of any lien. No resolution, ordinance, indenture or any other instrument by which a pledge is created needs to be filed or recorded except in the records of the City, which filing has been done. The City shall not be obligated to pay the Bonds or the interest thereon except from the net revenues of the Sewage Works, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 10. Form of the Bonds. The form and tenor of the Bonds shall be substantially as follows (with all blanks to be properly completed prior to the preparation of the Bonds):

Form of Revenue Bonds

STATE OF INDIANA
NO. 09R- UNITED STATES OF AMERICA
CITY OF LAFAYETTE, INDIANA
SEWAGE WORKS REVENUE BONDS OF 2009 COUNTY OF TIPPECANOE

[As follows if sold pursuant to a Financial Assistance Agreement:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Date</u>	<u>Authentication Date</u>
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Registered Owner: Indiana Finance Authority

Principal Sum:

The City of Lafayette, Indiana, in Tippecanoe County, State of Indiana (the "City"), for value received, hereby promises to pay to the Registered Owner set forth above (or registered assigns), solely out of the special fund hereinafter referred to, the Principal Sum set forth above, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, or its assigns, on January 1 and July 1 in the years and in the amounts as set forth on Exhibit B attached hereto (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest thereon from the dates of payment for this Bond until the Principal Sum is paid at the rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month next preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____ 1, 20__, in which case it shall bear interest from the Original Date, which interest is payable semi-annually on the first day of January and July of each year, beginning _____ 1, 20__. Interest shall be calculated according to a three hundred sixty (360)-day calendar year containing twelve (12) thirty (30)-day months.

The principal sum of this bond is payable at the principal office of The Bank of New York Mellon Trust Company, N.A., (the "Registrar" or "Paying Agent"), in Indianapolis, Indiana. All payments of interest on this bond shall be paid by check or draft mailed or delivered one (1) business day prior to the interest payment date to the Registered Owner hereof at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the Registered Owner. Notwithstanding the foregoing to the contrary, if payment of this Bond is made to the Indiana Finance Authority under the terms of the Financial Assistance Agreement, all payments of principal and interest hereon shall be made by wire transfer for deposit to a financial institution as directed by the Indiana Finance Authority as of the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date to the registered owner hereof at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments on the bond shall be made in coin or currency of the United States of America, which on the dates of such payment shall be legal tender for the payment of public and private debts.]

[As follows if not sold pursuant to a Financial Assistance Agreement:

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Date</u>	<u>Authentication</u> <u>Date</u>	<u>CUSIP</u>
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Registered Owner:

Principal Sum:

The City of Lafayette, Indiana, in Tippecanoe County, State of Indiana (the "City"), for value received, hereby promises to pay to the Registered Owner set forth above (or registered assigns), solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest thereon from the date hereof until the Principal Sum is paid at the rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month next preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____ 1, 20__, in which case it shall bear interest from the Original Date, which interest is payable semi-annually on the first day of January and July of each year, beginning _____ 1, 20__. Interest shall be calculated according to a three hundred sixty (360)-day calendar year containing twelve (12) thirty (30)-day months.

The principal sum of this bond is payable at the principal office of _____ (the "Registrar" or "Paying Agent"), in _____, _____. All payments of interest on this bond shall be paid by check or draft mailed or delivered one business day prior to the interest payment date to the Registered Owner hereof at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the Registered Owner. All payments on the bond shall be made in coin or currency of the United States of America, which on the dates of such payment shall be legal tender for the payment of public and private debts.]

THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA, AND THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST THEREON EXCEPT FROM THE SPECIAL FUND PROVIDED FROM THE NET REVENUES DESCRIBED HEREIN.

This bond is one (1) of an authorized issue of bonds of the City, of like date, tenor and effect, except as to numbering, interest rates and dates of maturity, in the total amount of \$_____, numbered from 09R-1 up, issued for the purpose of providing funds to be pay the costs of improving the City's municipal sewage works utility, and to pay incident expenses [,including][a premium for a municipal bond insurance policy][and][a debt service reserve surety premium], as authorized by an ordinance adopted by the governing body of the City on the ____ day of _____, 2009, entitled "An Ordinance concerning the acquisition, construction, improvement and equipping by the City of Lafayette, Indiana, of certain improvements and extensions to the sewage works of the City, the issuance and sale of revenue bonds to provide funds for the payment of the costs thereof, the issuance and sale of bond anticipation notes in anticipation of the issuance and sale of such bonds, and the collection, segregation and distribution of the revenues of such sewage works, the safeguarding of the interests of the owners of the revenue bonds, and other related matters, including repealing ordinances

inconsistent herewith" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code 5-1, Indiana Code 36-9-23 and other applicable laws relating to the issuance of revenue bonds, as amended (collectively, the "Act").

Pursuant to the provisions of the Act and the Ordinance, the principal and interest on this bond and all other bonds of the issue and any bonds hereafter issued on a parity basis therewith, are payable solely from the Sinking Fund (continued by the Ordinance) to be provided from the Net Revenues (hereinafter defined as the gross revenues remaining after the payment of the reasonable expenses of operation, repair and maintenance) of the utility, including the utility financed by the use of the proceeds of this bond and all additions and improvements thereto and replacements thereof subsequently constructed or acquired.

[As follows if sold pursuant to a Financial Assistance Agreement:

Reference is hereby made to the Financial Assistance Agreement (the "Financial Assistance Agreement") between the City and the Indiana Finance Authority as to certain terms and covenants pertaining to the sewage works project and this Bond.

The City irrevocably pledges the entire Net Revenues of the utility to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one (1), and any bonds ranking on a parity basis therewith (including the Prior Bonds as described in the Ordinance), and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the sewage works as are sufficient in each year for the payment of proper and reasonable expenses of Operation and Maintenance (as defined in the Financial Assistance Agreement) of the sewage works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. In the event the City or the proper officers or officials thereof shall fail or refuse to so fix, maintain or collect such rates or charges, or if there be a default in payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the sewage works and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon.]

[As follows if not sold pursuant to a Financial Assistance Agreement:

The City irrevocably pledges the entire Net Revenues of the sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one (1), and any bonds ranking on a parity basis therewith (including the Prior Bonds as described in the Ordinance), and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the sewage works as are sufficient in each year for the payment of proper and reasonable expenses of operation, repair and maintenance of the sewage works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. In the event the City or the proper officers or officials thereof shall fail or refuse to so fix, maintain or collect such rates or charges, or if there be a default in payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the sewage works and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon.]

The City further covenants that it will set aside and pay into its Sinking Fund a sufficient amount of the Net Revenues of the sewage works to meet (a) the interest on all bonds payable from the revenues of the sewage works (including, without limitation, the bonds authorized by the Ordinance and the Prior Bonds), as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the sewage works

(including, without limitation the bonds authorized by the Ordinance), as such principal shall fall due, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of the utility, all as more particularly described in the Ordinance.

[As follows if sold pursuant to a Financial Assistance Agreement:

The bonds of this issue maturing on January 1, 20__, or thereafter, are redeemable at the option of the City on _____ 1, 20__, or any date thereafter, on not less than thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value together with the following premiums (expressed in percentage of face value):

2% if redeemed on _____ 1, 20__ or thereafter before _____ 1, 20__;

1% if redeemed on _____ 1, 20__ or thereafter before _____ 1, 20__;

0% if redeemed on _____ 1, 20__ or thereafter;

plus in each case accrued interest to the date fixed for redemption.]

[As follows if not sold pursuant to a Financial Assistance Agreement:

The bonds of this issue maturing on January 1, 20__, or thereafter, are redeemable at the option of the City on _____, or any date thereafter, on not less than thirty (30) days' notice, in whole or in part, in order of maturity as determined by the City and by lot within a maturity, at face value together with the following premiums (expressed in percentage of face value):

___% if redeemed on _____ or thereafter before _____;

___% if redeemed on _____ or thereafter before _____;

0% if redeemed on _____ or thereafter;

plus in each case accrued interest to the date fixed for redemption.]

[As follows if sold subject to mandatory sinking fund redemption:

The Bonds maturing on January 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on the dates and in the amounts set forth below:

Date

Amount

*Final Maturity

If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.]

Notice of such redemption shall be mailed to the address of the Registered Owner as shown on the registration record of the City not less than thirty (30) days prior to the date fixed for redemption unless such redemption notice is waived by the owners of the bond or bonds redeemed. The notice shall specify the date and place of redemption and sufficient identification of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named and when the bonds shall be presented for redemption.

If this bond shall not be presented for payment [or redemption] on the date fixed therefor, the City may deposit in trust with its depository bank an amount sufficient to pay such bond [or the redemption price, as the case may be,] and thereafter the registered owner shall look only to the funds so deposited in trust with the bank for payment and the City shall have no further obligation or liability in respect thereto.

This bond is subject to defeasance prior to redemption or payment as provided in the Ordinance and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar, or its successor, by the Registered Owner hereof in person, or by such owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or such owner's attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or to the registered owner, as the case may be, in exchange therefor. The City, the Registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

[As follows if sold pursuant to a Financial Assistance Agreement:

The bonds maturing in any one (1) year are issuable only in fully registered form in the denomination of One Dollar (\$1.00) or any integral multiple thereof not exceeding the aggregate principal amount of the bonds maturing in such year.]

[As follows if not sold pursuant to a Financial Assistance Agreement:

The bonds maturing in any one (1) year are issuable only in fully registered form in the denomination of One Thousand Dollars (\$1,000) or any integral multiple thereof not exceeding the aggregate principal amount of the bonds maturing in such year.]

[The City has designated this bond as a Qualified Tax-Exempt Obligation as defined in Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986, as in effect on the Original Date.]

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City has caused this bond to be executed in its corporate name by the manual or facsimile signature of the Mayor of the Common Council, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Controller.

CITY OF LAFAYETTE, INDIANA

By: _____
Mayor

Attest:

Controller

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this bond is one (1) of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

_____, as Registrar

By: _____
Authorized Representative

The following abbreviations, when used in the inscription of the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM.	as tenants in common
TEN ENT.	as tenants by the entireties
JT TEN.	as joint tenants with right of survivorship and not as tenants in common

UNIF TRANSFERS MIN ACT. ___ Custodian
(Cust) (Minor)

under Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFEREE

(Please Print or Typewrite
Name and Address of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the registration books of the Registrar, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by an eligible guarantor institution
participating in a Securities Transfer Association
recognized signature guarantee program.

Registered Owner
(NOTE: The signature above must correspond
with the name of the Registered Owner as it
appears on the front of this bond in every
particular without alteration or enlargement or
any change whatsoever.)

[As follows if sold pursuant to a Financial Assistance Agreement:

EXHIBIT B

Date*

Amount

Date*

Amount

* Pursuant to the Financial Assistance Agreement, the final maturity of this bond may occur prior to those set forth above in order that the final maturity of this bond not exceed twenty (20) years from Substantial Completion of Construction (as defined in the Financial Assistance Agreement).]

Section 11. Preparation and Sale of Bonds. (a) The Controller is hereby authorized and directed to have the Bonds prepared, and the Approving Officials are hereby authorized and directed to execute the Bonds in the form and manner herein provided. The Controller is hereby authorized and directed to deliver the Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this Ordinance, provided that at the time of the delivery the Controller shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than ninety-seven and one-half percent (97.5%) of the face value of the Bonds, plus accrued interest, if any, from the date thereof to the date of delivery. Each series of Bonds herein authorized, as and to the extent paid for and delivered to the purchaser, shall be the binding special revenue obligations of the City, payable out of the Net

Revenues of the City's Sewage Works to be set aside into the Sinking Fund on a parity basis with the Prior Bonds as herein provided, and the proceeds derived from the sale of the Bonds shall be and are hereby set aside for the refunding of any other interim borrowing, if any, related to the Project, application on the cost of the Project and the expenses necessarily incurred in connection therewith. In the event it shall be hereafter determined that it is not necessary to issue all of the Bonds authorized by this Ordinance, the Controller shall be authorized to sell and deliver a lesser amount of Bonds than herein authorized. The proper officers or officials of the City are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary, to carry out the provisions of this Ordinance.

(b) Except as otherwise provided herein, prior to the sale of the Bonds at public sale, the Controller shall cause to be published a notice of such sale (the "Notice"), two (2) times, at least one (1) week apart, the first publication made at least 15 days before the date of the sale and the second publication being made at least three (3) days before the date of the sale or a notice of intent to sell Bonds twice, once each week for two (2) weeks, all in accordance with Indiana Code 5-1-11 and Indiana Code 5-3-1. The Notice or summary thereof may also be published one (1) time in news or financial papers. The Notice shall state the time and place of sale, the character and amount of the Bonds, the maximum rate of interest thereon per maturities as set forth in this Ordinance, the terms and conditions upon which bids will be received and the sale made, and such other information as the Controller of the City shall deem advisable and any summary notice may contain any information deemed so advisable. The Notice may provide, among other things, one (1) or more of the following bid terms: (i) that upon being notified as to being the winning bidder, such bidder must provide a certified or cashier's check (or provide for submission of a surety bid bond in a form acceptable to the Controller with the advice of counsel) in the amount of one percent (1%) of the principal amount of the Bonds to guarantee performance on the part of the bidder, and that in the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then such check (or bond) and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default; and (ii) that bidders for the Bonds be required to (A) name the rate or rates of interest which the Bonds are to bear, not exceeding the maximum rate(s) hereinbefore fixed, (B) bid interest rate or rates in multiples of one-one hundredth (1/100) of one percent (100%) and (C) bid a rate on a maturity equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than ninety-seven and one-half percent (97.5%) of the face amount of the Bonds will be considered. The opinion of Bingham McHale, LLP, Indianapolis, Indiana, bond counsel, approving the legality of the Bonds, will be furnished to the purchaser at the expense of the City.

(c) The Bonds shall be awarded by the Controller to the best bidder who has submitted his bid in accordance with the terms of this Ordinance, Indiana Code 5-1-11 and the Notice. The best bidder will be the one (1) who offers the lowest net interest cost to the City to be determined by computing the total interest on all of the Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the discount bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of 30 days, during which time no bid which offers an interest cost to the City that is higher than the best bid received at the time of the advertised sale will be considered.

(d) In the event it shall be hereafter determined that it is not necessary to issue all of the Bonds authorized by this Ordinance, the Controller shall be authorized to sell and deliver a lesser amount of Bonds than herein authorized, in such maturities and principal amounts as may be determined by the Controller and set forth in the Issuer's Certificate or the Financial Assistance Agreement.

Section 12. Disposition of Proceeds of the Bonds and BANs; City of Lafayette 2009 Sewage Works Construction Account. The proceeds from the sale of the BANs (or the Bonds, if no BANs are issued) shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City, in the special account to be designated as "City of Lafayette, 2009 Sewage Works Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project, as described in the Ordinance and in the Act, together with the incidental expenses incurred in connection with the Project and the costs of issuance of the BANs (or if no BANs are issued, the Bonds), and as otherwise permitted or required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition or construction of the Project, shall be used solely for one (1) more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended. Pursuant to the Act, the owners of the Bonds and BANs shall be entitled to a lien on the proceeds of the Bonds and BANs until such proceeds are applied as required by this Ordinance and by Indiana law.

Notwithstanding the preceding paragraph, if BANs are issued, then the proceeds of the Bonds shall be used to refund the BANs and are hereby pledged for such purpose, and any proceeds of the Bonds remaining after the BANs have been paid in full shall be used to complete the Project and thereafter, if any such proceeds remain unexpended, shall be used solely for one (1) or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

Each of the funds and accounts of the Sewage Works shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including, particularly, applicable provisions of Indiana Code 5-13, Indiana Code 4-4-11 and the acts amendatory thereof and supplemental thereto. Any interest or income derived from any such investments shall become a part of the moneys in the fund or account so invested.

Upon issuance of the Bonds, moneys held and on deposit in the existing funds and accounts established under the Prior Ordinances shall remain on deposit therein.

If the Bonds are sold to the Authority, to the extent that (a) the total principal amount of the Bonds is not paid by the purchaser or drawn down by the City or (b) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Department and the Authority), the City shall reduce the principal amount of the Bond maturities to effect such reduction as described in Section 3 hereof and subject to and upon the terms set forth in the Financial Assistance Agreement.

Section 13. Segregation and Application of Sewage Works Revenues. All revenues derived from the operation of the Sewage Works and from the collection of sewer rates and

charges shall be deposited in a fund previously established by ordinance of the City and continued hereby and designated as the "Revenue Fund" and segregated and kept separate and apart from all other funds and bank accounts of the City. Out of said revenues the proper and reasonable expenses of operation, repair and maintenance of the Sewage Works shall be paid, the principal and interest of all bonds and fiscal agency charges of bank paying agents shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided. No moneys derived from the revenues of the Sewage Works shall be transferred to the general fund of the City or be used for any purpose not connected with the Sewage Works so long as any bonds payable from the revenues of the Sewage Works are outstanding.

Section 14. Operation and Maintenance Fund. There was established under the Prior Ordinances and is hereby continued a fund designated the "Sewage Works Operation and Maintenance Fund" (the "Operating and Maintenance Fund"). On the last day of each calendar month, revenues of the sewage works shall be transferred from the Revenue Fund to the Operation and Maintenance Fund. The balance maintained in the Operation and Maintenance Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the next succeeding two calendar months. The moneys credited to the Operation and Maintenance Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses for the sewage works on a day-to-day basis, but none of the moneys in the Operation and Maintenance Fund shall be used for depreciation, replacement, improvements, extensions or additions. Any balance in the Operation and Maintenance Fund in excess of the expected expense of operation, repair and maintenance for the next succeeding month may be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding obligations of the Sewage Works.

Section 15. Sinking Fund. (a) General. There was established under the Prior Ordinances and is hereby continued a sinking fund, designated the "Sewage Works Sinking Fund" (the "Sinking Fund"), for the payment of: (i) the principal of and interest on bonds which by their terms are payable from the Net Revenues of the sewage works; and (ii) the charges of banks or trust companies for making payment of the principal or interest. Within the Sinking Fund, there was established under the Prior Ordinances and is hereby continued an account designated the "Bond and Interest Account" (the "Bond and Interest Account"), an account designated the "Reserve Account" (the "Prior Bonds Reserve Account") and an account designated the "2008 Reserve Account" (the "2008 Reserve Account") and there is hereby created an account designated as the "2009 Reserve Account" (the "2009 Reserve Account"). The Prior Bonds Reserve Account, 2008 Reserve Account and the 2009 Reserve Account shall be collectively referred to as "Reserve Accounts" (the "Reserve Accounts"). There shall be set aside and deposited in the Sinking Fund, as available, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and the Reserve Accounts. Such payments shall continue until the balances in the Bond and Interest Account and the Reserve Accounts equal the principal of and interest on all of the then outstanding bonds payable from the revenues of the sewage works to the final maturity and provide for payment of all fiscal agency charges.

(b) Bond and Interest Account. There shall be credited on the last day of each calendar month from the Revenue Fund to the Bond and Interest Account an amount of the Net Revenues equal to at least one-sixth of the interest and at least one-sixth of the principal on all

then outstanding bonds payable on the then next succeeding interest and principal payment date until the amount of interest and principal payable on the then next succeeding interest and principal payment date shall have been so credited. There shall similarly be credited to the Bond and Interest Account any amount necessary to pay the charges of banks or trust companies for making payment of the principal or interest. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of bank fiscal agency charges.

(c) Reserve Accounts. There is hereby continued, within the Sinking Fund, the Prior Bonds Reserve Account and the 2008 Reserve Account for the Prior Bonds. Such Prior Bonds Reserve Account and 2008 Reserve Account shall be governed by the terms set forth in the Prior Ordinances. Funds and surety bonds in the Prior Bonds Reserve Account and the 2008 Reserve Account will be used solely for the Prior Bonds and any other bonds payable from the Prior Bonds Reserve Account and the 2008 Reserve Account and shall not secure the Bonds issued under this ordinance.

For the Bonds issued under this ordinance, there is hereby created the 2009 Reserve Account. On the date of delivery of the Bonds, funds on hand of the of the sewage works, Bond proceeds or a combination thereof may be deposited into the 2009 Reserve Account. The balance to be maintained in the 2009 Reserve Account shall equal but not exceed the least of: (i) the maximum annual principal and interest on the Bonds; (ii) 125% of the average annual debt service on the Bonds; or (iii) ten percent (10%) of the proceeds of the Bonds (the "2009 Reserve Requirement"). If the initial deposit into the 2009 Reserve Account does not cause the balance therein to equal the 2009 Reserve Requirement or if no deposit is made, a sum of Net Revenues shall be credited to the 2009 Reserve Account on the last day of each calendar month until the balance therein equals the 2009 Reserve Requirement. The monthly deposits of Net Revenues shall be equal in amount and sufficient to accumulate the 2009 Reserve Requirement within five years of the date of delivery of the Bonds. Funds and surety bonds in the 2009 Reserve Account will be used solely for the Bonds and any other bonds payable from the 2009 Reserve Account and shall not secure the Prior Bonds.

The 2009 Reserve Account may be satisfied with cash, a debt service reserve surety bond ("surety bond") or a combination thereof. The surety bond must be issued by an insurance company rated in the highest rating category by Standard & Poor's Corporation and Moody's Investors Service, with such rating being assessed as of the date of delivery of the Bonds, and not on any date thereafter. If such a surety bond is purchased, the Mayor and the Controller are hereby authorized to execute and deliver all agreements with the provider of the surety bond to the extent necessary to comply with the terms of such surety bond and the commitment to issue such policy. Such agreements shall be deemed a part of this ordinance for all purpose and are hereby incorporated herein by reference.

The 2009 Reserve Account shall constitute the margin for safety and a protection against default in the payment of principal and interest on the Bonds, and moneys in the 2009 Reserve Account shall be used to pay current principal and interest on the Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the 2009 Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account on a parity

basis with the Prior Bonds Reserve Account and the 2008 Reserve Account. Any moneys in the 2009 Reserve Account in excess of the 2009 Reserve Requirement shall either be transferred to the Improvement Fund or be used for the purchase of outstanding bonds or installments of principal of fully registered bonds at a price not exceeding par and accrued interest, and redemption premium, if any.

(d) If the Bonds or BANs are purchased by the Authority as part of the SRF Program and to the extent required by the SRF Program, the Sinking Fund, containing the Bond and Interest Account, the Reserve Account, and the Construction Account may be held by a financial institution acceptable to the SRF Program, pursuant to terms acceptable to the SRF Program. If the Sinking Fund and the accounts therein are so held in trust, the City shall transfer the monthly required amounts of Net Revenues to the Bond and Interest Account and the Reserve Account in accordance with this Section 15, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules for the City's outstanding bonds. The Common Council hereby authorizes the Approving Officials to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Sinking Fund and Construction Account. The financial institution selected to serve in this role may also serve as Registrar and Paying Agent the Bonds or the Outstanding Prior Bonds of the City.

Section 16. Sewage Works Improvement Fund. There is hereby continued a fund designated the "Sewage Works Improvement Fund" (the "Improvement Fund"). In the event all required monthly payments into the Operation and Maintenance Fund and the Sinking Fund, including the Bond and Interest Account and the Reserve Accounts, have been met to date, and the Prior Bonds Reserve Requirement, the 2008 Reserve Requirement and the 2009 Reserve Requirement have accumulated in the respective Reserve Accounts, then any excess Net Revenues may be transferred or credited from the Revenue Fund to the Improvement Fund, and the Improvement Fund shall be used for replacements, additions, improvements or extensions to the sewage works, and for any other lawful purpose that is related to the sewage works, and may also be used to make payments in lieu of taxes provided that if any of the Bonds are owned by the Authority as part of the SRF Program, unless otherwise approved by the prior written consent of the Authority, such payments in lieu of taxes, shall only be made (i) no more frequently than semiannually on January 2 and July 2 and (ii) if all monthly deposits required by this Ordinance are current and held as of such dates in the Operation and Maintenance Fund and the Sinking Fund. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on any then outstanding bonds payable from the revenues of the sewage works or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Accounts of the Sinking Fund or may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Section 17. Separation of Funds; Investment of Moneys Therein. The Sewage Works Sinking Fund shall be deposited in and maintained as a separate bank account or accounts from all other bank accounts of the City. The Operation and Maintenance Fund and the Sewage Works Improvement Fund may be maintained in a single bank account, or accounts, but such bank account, or accounts, shall likewise be maintained separate and apart from all other bank accounts of the City and apart from the Sewage Works Sinking Fund bank account or accounts. Each of the funds and accounts of the Sewage Works shall be deposited, held, secured or

invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including, particularly, applicable provisions of Indiana Code 5-13-9 and 4-4-11, as amended. Any interest or income derived from any such investments shall become a part of the moneys in the fund or account so invested, provided, however, that income derived from investment of moneys in the Debt Service Reserve Account of the Sewage Works Sinking Fund shall be deposited to the Sewage Works Improvement Fund.

Section 18. Books of Record and Accounts. The City shall keep proper books of record and accounts, separate from all of its other records and accounts, in which completed and correct entries shall be made showing all revenues collected from said works and deposited in said funds, and all disbursements made therefrom on account of the operation of the works, and to meet the requirements on the Sewage Works Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of at least \$25,000 of the Bonds or BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller, or by licensed independent public accountants employed for that purpose. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner or owners of at least \$25,000 of the Bonds or BANs then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

If the Bonds or BANs are sold to the Authority as part of the SRF Program, the City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Sewage Works in accordance with (i) generally accepted governmental accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board and (ii) the rules, regulations and guidance of the State Board of Accounts.

Section 19. Rates and Charges. (a) The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewerage system of the City, or that in any way uses or is served by such works. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Act and this Ordinance. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, and the requirements of the Sewage Works Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid by the City and such departments as the charges accrue.

(b) This subsection (b) shall apply in lieu of the provision of subsection (a) above if the City enters into a Financial Assistance Agreement in connection with the issuance of the Bonds or the BANs. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the Sewage Works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the

Sewage Works by or through any part of the City, or that in any way uses or is served by such Sewage Works; that such rates or charges shall be sufficient in each year provide for the proper Operation and Maintenance (as defined in the Financial Assistance Agreement) of the Sewage Works, and for the payment of the sums required to be paid into the Sinking Fund by the Act and this Ordinance. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such Sewage Works by and services rendered to the City and all departments thereof as the charges accrue.

Section 20. The City reserves the right to authorize and issue additional BANs at any time ranking on parity with any BANs. The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to its sewage works, or to refund obligations, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof, and all required payments into the Sinking Fund have been made in accordance with the provisions of this Ordinance; and

(b) (i) The Net Revenues of the sewage works in the fiscal year immediately preceding the issuance of such additional bonds shall be not less than 125% of the maximum annual interest and principal requirements of the then outstanding bonds payable from the revenues of the sewage works and such additional bonds; or

(ii) Prior to the issuance of such additional bonds, the sewage fees shall be increased sufficiently so that the increased fees, applied to the previous year's operations, would have produced Net Revenues for such year equal to not less than 125% of the maximum annual interest and principal requirements of the then outstanding bonds payable from the revenues of the sewage works and such additional bonds; or

(iii) If the Bonds are not sold to the Authority, any projected increase in revenues, (a) as a result of the project constructed with proceeds of such additional bonds and (b) within the first twelve months following substantial completion of such project, when combined with the previous year's operations, would have produced Net Revenues for such year equal to not less than 125% of the maximum annual interest and principal requirements of the then outstanding bonds payable from the revenues of the sewage works and such additional bonds; or

(iv) If the Bonds are not sold to the Authority, the increased rates described in subsection (ii) and the additional revenue described in subsection (iii), when both are applied to the previous year's operations, would have produced Net Revenues for such year equal to not less than 125% of the maximum annual interest and principal requirements of the then outstanding bonds payable from the revenues of the sewage works and such additional bonds; and

(c) The principal of, or mandatory sinking fund redemption dates for, such additional bonds shall be payable semiannually on January 1 and July 1, and interest on such additional bonds shall be payable semiannually on January 1 and July 1; and

(d) For so long as the Bonds (if purchased by the Authority), the 2000 Bonds or the 2001 Bonds are outstanding and owned by the Authority through its SRF Program, the City: (i) obtains the consent of the Authority; (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and the ordinances authorizing the 2000 Bonds and the 2001 Bonds; and (iii) the City is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which purpose the additional parity bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

For purposes of subsection (b) of this Section 20, the records of the sewage works shall be analyzed and all showings prepared by a certified public accountant employed by the City for that purpose.

Section 21. Additional Covenants of the City. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs herein authorized, it is specifically provided as follows:

(a) All contracts let by the City in connection with the construction of said Sewage Works have been or shall be let after due advertisement as required by the laws of the State of Indiana, and all contractors shall be required to furnish surety bonds in an amount equal to one hundred percent (100%) of the amount of such contracts, to insure the completion of said contracts in accordance with their terms, and such contractors shall also be required to carry such employer's liability and public liability insurance as are required under the laws of the State of Indiana in the case of public contracts, and shall be governed in all respects by the laws of the State of Indiana relating to public contracts.

(b) Said Sewage Works shall be constructed under the supervision and subject to the approval of the Project Engineers, or such other competent engineer as shall be designated by the City. All estimates for work done or material furnished shall first be checked by the engineer and approved by the City.

(c) The City shall at all time maintain its Sewage Works in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) If the Bonds are sold to the Authority as part of the SRF Program, the City shall acquire and maintain insurance coverage as required by the Authority, including fidelity bonds, to protect the Sewage Works and its operations. Provided that if the City is not so directed by the Authority, the City shall acquire and maintain insurance on the insurable parts of the Sewage Works of a kind and in any amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. Insurance proceeds and condemnation awards shall be used in replacing or repairing the

property destroyed or damaged; provided, that if the Bonds are sold to Authority as part of the SRF Program, the Authority must consent to a different use of such proceeds or awards.

(e) So long as any of the Bonds or BANs are outstanding, the City shall not mortgage, pledge or otherwise encumber such Sewage Works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except to replace equipment which may become worn out or obsolete or no longer suitable for use in the Sewage Works; provided, that if such outstanding BANs or Bonds are sold to the Authority as part of the SRF Program, such exception shall only apply if the Authority consents.

(f) If the BANs or the Bonds are sold to the Authority as part of the SRF Program, the City shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Sewage Works, other than for normal operating expenditures, without the prior written consent of the Authority, if such undertaking would involve, commit or use the revenues of the Sewage Works.

(g) The City shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil, or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, cause all such sanitary sewers to be connected with said sewage works.

(h) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds or BANs herein authorized, and after the issuance of the Bonds or BANs, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of the Bonds or BANs, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the Bonds or the interest thereon remain unpaid. Excluding the changes set forth in Section 21 (a) through (f) of this Ordinance requiring the consent of all Bondholders, this Ordinance may be amended without the consent of the owners of the Bonds or BANs if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or BANs; provided, however, that if the Bonds or BANs are sold to the Authority as part of the SRF Program, the City shall also obtain the prior written consent of the Authority.

(i) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such respective proceeds until the same are applied in accordance with the provisions of this Ordinance and the Act. The provisions of this Ordinance shall also be construed to create a trust in the portion of the Net Revenue herein directed to be set apart and paid into the Sewage Works Sinking Fund for the uses and purposes of said fund as in this Ordinance set forth. The owners of the Bonds and BANs shall have all of the rights, remedies and privileges set forth in the provisions of the Act, including the right to have a receiver appointed to administer said sewage works, in the event of default in the payment or the principal of or interest on any of the bonds or BANs herein authorized or in the event of default in respect to any of the provisions of this Ordinance or the Act.

Section 22. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income. (a) The Controller is hereby authorized to invest moneys pursuant to the

provisions of this Ordinance at a restricted yield (subject to applicable requirements of federal law to insure such yield is then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs, or the tax exempt status of interest on the Bonds and BANs, under federal law.

(b) The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of the Ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion or exemption.

Section 23. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds and BANs, the City represents, covenants and agrees that:

(a) No person or entity or any combination thereof, other than the City or any other governmental unit within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code") ("Governmental Unit"), will use more than ten percent (10%) of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity or any combination thereof other than the City or another Governmental Unit will own property financed by more than ten percent (10%) of the Bond or BAN proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large, except pursuant to a management agreement or similar contract which satisfies the requirements of IRS Revenue Procedure 97-13.

(b) No Bond or BAN proceeds will be loaned to any entity or person. No Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a person or entity other than a Governmental Unit in any manner that would in substance constitute a loan of the Bond or BAN proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BANs is outstanding hereunder which would cause any Bond or BANs to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or BANs.

(d) The City will, to the extent necessary to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond and BAN proceeds or other moneys treated as Bond or BAN proceeds

to the federal government and will set aside such moneys in a Rebate Account to be held by the Controller in trust for such purpose.

Section 24. Defeasance. If, when the bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the bonds for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the bonds then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the bonds issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the Sewage Works.

Section 25. Supplemental Ordinances. Subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

- (a) An extension of the maturity of the principal of, mandatory sinking fund redemption date, if any, or interest on any bond issued pursuant to this Ordinance; or
- (b) A reduction in the principal amount of any bond or the redemption premium or the rate of interest thereon; or
- (c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this Ordinance; or
- (d) A preference or priority of any bond or bonds issued pursuant to this Ordinance over any other bond or bonds issued pursuant to the provisions of this Ordinance; or
- (e) A reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance; or
- (f) A reduction in the Reserve Requirement.

If the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller of the City, no owner of any bond issued

pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of bonds issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the bonds authorized by this Ordinance, and the terms and provisions of the bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the bonds issued pursuant to this Ordinance then outstanding.

Section 26. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided, however, that this Ordinance shall not be construed as repealing or modifying in any respect any of the provisions of the Prior Ordinances.

Section 27. Tax Related Matters. (a) Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance ("Tax Sections") which are designed to preserve the tax exempt status of interest on the Bonds and BANs or the exclusion of interest on the Bonds and BANs from gross income under Section 103 of the Code ("Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel to the effect that any Tax Section is unnecessary to preserve the Tax Exemption.

(b) In lieu of issuing Bonds or BANs with Tax Exemption, the Bonds or BANs may be issued as "Build America Bonds" under Section 54AA of the Code by making such a designation in the Controller's Certificate as of the date of their issuance and the Approving Officials taking all other actions determined to be necessary or advisable consistent with the applicable requirements of the Code. If such designation includes a designation to receive from the federal government an amount as a credit equal to 35% of interest payments on the Bonds or BANs pursuant to Section 54AA and Section 6431 of the Code (together with other applicable provisions of the Code supplemental thereto, "Direct Pay Amount"), then such Direct Pay Amount shall be treated for all purposes as Net Revenue of the Sewage Works including without limitation for purposes of Section 20(b) of this Ordinance (and Sections 18 of the Prior Ordinances) to the same effect as if the sewage rates and charges had been increased by the amount of such Direct Pay Amount and such was applied to the previous fiscal year's operations. In determining the monthly deposit to the Bond and Interest Account related to the interest on the Bonds, the next following Direct Pay Amount receivable on the next following interest payment date shall be subtracted from such interest payment in determining the 1/6th amount to be deposited on a monthly basis therein pursuant Section 15(b) herein. If such designation includes a designation to sell tax credits applicable to the Bonds or BANs pursuant to Section 54AA of the Code (together with other applicable provisions of the Code supplemental thereto "Tax Credits") in lieu of Direct Pay Amount, then the proceeds from the sale of such Tax Credits shall

be treated the same as the proceeds of the Bonds and BANs for all purposes under this Ordinance. The Tax Sections shall remain applicable to preserve the tax status of the Bonds and BANs as "Build America Bonds" under Section 54AA of the Code (including without limitation to preserve the status of any Direct Pay Amount or Tax Credit, as applicable) unless provisions thereof are not required to comply therewith and the City receives an opinion of nationally recognized bond counsel to the effect that any such Tax Section is unnecessary to preserve such status. Section 28 shall not be applicable to any Bonds and BANs issued as "Build America Bonds" under Section 54AA of the Code. The Common Council hereby determines and finds that the amending effect upon the Prior Ordinance by application of this Section 27(b) does not adversely affect the owners of the Prior Bonds and when consented to the Authority as part of the SRF Program shall be effective. The provisions of this Section 27(b) shall only be effective if any Bonds or BANs are issued as "Build America Bonds" under Section 54AA of the Code.

Section 28. Designation of Bonds as "Qualified Tax-Exempt Obligations." The Bonds and BANs are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, and any or all officials, officers, members, employees and agents of the City are hereby authorized to execute on behalf of the City any documents necessary or appropriate to evidence further such designation. The reasonably anticipated amount of "tax-exempt obligations" (as defined in Section 265(b) of the Code) (other than obligations described in Section 265(b)(3)(C)(ii) of the Code) which will be issued by or on behalf of the City and all subordinate entities thereof during the calendar year 2009 and the year of issuance of the Bonds does not exceed Thirty Million Dollars \$30,000,000. The designation set forth in this Section 28 may be revoked by the Controller in the Controller's Certificate.

Section 29. Controller's Certificate. The Controller shall, prior to the sale of the Bonds, set forth in a certificate (the "Controller's Certificate") the amortization schedule for the Bonds, the percentage of par at which the Bonds shall be sold and any other matters required by this Ordinance to be provided in the Controller's Certificate.

Section 30. Further Actions. The Common Council hereby requests, authorizes and directs the Mayor and the Controller, and each of them, for and on behalf of the City, to prepare, execute and deliver any and all other instruments, letters, certificates, agreements and documents as are determined to be necessary or appropriate to consummate the transactions contemplated by this Ordinance, and such determination shall be conclusively evidenced by the execution thereof. The instruments, letters, certificates, agreements and documents necessary or appropriate to consummate the transactions contemplated by this Ordinance shall, upon execution, as contemplated herein, constitute the valid and binding obligations or representations and warranties of the City, the full performance and satisfaction of which by the City is hereby authorized and directed.

Section 31. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the City in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next preceding day not a legal holiday or a day on which such banking institutions are typically closed.

Section 32. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

Section 33. Effectiveness. This Ordinance shall be in full force and effect from and after its passage.

* * *

Passed and adopted by the Common Council of the City of Lafayette on the 3 day of August, 2009.

COMMON COUNCIL OF
THE CITY OF LAFAYETTE, INDIANA


Presiding Officer

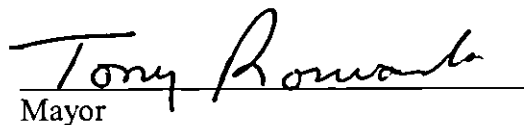
ATTEST:


Clerk

Presented by me to the Mayor of the Common Council of the City of Lafayette on the 3 day of August, 2009, at 7:00 o'clock p.m.


Clerk

This ordinance approved and signed by me on the 3 day of August, 2009, at 7:00 o'clock p.m.


Mayor

Sponsored by: Edward Chosnek, City Attorney

Exhibit A

The entire project consists of three different projects: lift station elimination at the Parking Lot Lift Station, sewer separation near the Pearl River Lift Station, and aeration blower system improvements at the wastewater treatment plant.

Lift Station Elimination Project

At the completion of the Pearl River CSO Storage and Conveyance Tunnel project, scheduled for December 2009, the Parking Lot Lift Station can be eliminated. The Parking Lot Lift Station is an aging lift station that has reached its useful life and is at capacity. The elimination of this lift station will reduce the combined sewer overflows (CSO) to the Wabash River and allow the City to accept additional industrial flows from this part of the collection system. The project will include the following:

- Removal of all equipment from the Parking Lot Lift Station ,
- Demolition of the lift station structure to a minimum of five feet below grade,
- Backfilling the remaining below grade structure with flowable fill concrete, and
- Conversion of the demolished Parking Lot Lift Station site into a stormwater bioretention basin.

Instead of restoring the project site to its original paved parking lot, the City will be converting the site into a stormwater bioretention basin to help reduce the stormwater entering the combined sewer, thus reducing CSOs to the Wabash River. The City will use the existing storm sewer in the Parking Lot Lift Station site to retrofit the underdrain system of the bioretention basin. This bioretention basin will accept runoff from the two adjacent parking lots east of the Parking Lot Lift Station. The estimated runoff from these two parking lots during the 10 year/30 minute storm is approximately 1,200 cubic feet. The area of the Parking Lot Lift Station site is approximately 5,500 square feet. The required area of a bioretention basin needed to treat this amount of runoff (according to EPA's *Stormwater Technology Fact Sheet Bioretention, 1999*) is approximately 2,400 square feet. Not only with the bioretention basin reduce the amount of stormwater entering the combined system, it will add aesthetic beauty to this area of downtown Lafayette which is located by the Amtrak Station, the City bus depot, apartments, and newly constructed condominiums.

Sewer Separation Project

At the completion of the Pearl River CSO Storage and Conveyance Tunnel project, the Pearl River brick arch sewer under the railroad tracks will be abandoned. Flow from this sewer will be diverted into the 120-inch CSO storage and conveyance tunnel. The project will then use this existing railroad crossing conduit to install a new storm sewer that will separate the area upstream of the Pearl River brick arch sewer (which is east of the railroad tracks) and convey all of the stormwater drainage from the railroad tracks directly to the Wabash River. The sewer separation in this area will allow the elimination of the Pearl River outfall pipe and will reduce the volume of CSO that discharges to the Wabash River. The project will include the following:

- Demolition of the 120-inch CSO outfall sewer,
- Demolition of the CSO diversion structure,
- Installation of a 24-inch storm sewer from upstream of the Pearl River brick arch sewer, under the railroad tracks inside the Pearl River brick arch sewer, to the Pearl River Lift Station site, and
- Installation of a 36-inch storm sewer from the existing storm sewer that conveys stormwater drainage from the railroad tracks, and
- Installation of a 42-inch storm sewer that will convey the stormwater from the new 24-inch and new 36-inch to the Wabash River.

When construction of the new Pearl River Lift Station and CSO Screening Structure was complete, the City was in the process of designing the 120-inch CSO storage and conveyance tunnel. Anticipating that the tunnel contractor would have to use the Pearl River Lift Station site for the construction of connecting the tunnel to the CSO Screening Structure, the City requested that the Pearl River Lift Station and CSO Screening Structure contractor not complete final site improvements at the site, such as paving and final grading. Therefore, this project will also include the following:

- Backfilling the area to grade around the Pearl River Lift Station and CSO Screening Structure,
- Final paving at the Pearl River Lift Station and CSO Screening Structure, and
- Installation of the final site fencing around the area.

Aeration Blower System Improvements Project

The most recent upgrade of the City Wastewater Treatment Plant was completed in 2004. The upgrade included expansion of the secondary treatment process including aeration blower and fine pore diffuser equipment and construction of a new Blower Building. Since completion of construction technology related to high-efficiency blower equipment and aeration controls have advanced. The advancements have resulted in reliable, energy efficient blower equipment. It is projected that addition of one high efficiency blower will allow energy savings related to the aeration process of approximately 50 per cent.

The projected annual energy savings is approximately 293 kW, an annual operation cost savings of approximately \$157,000. Additionally, the reduced energy consumption is projected to reduce emission of approximately 5.8 million pounds of carbon dioxide, 10,500 pounds of nitrogen oxide, and 38,900 pounds of sulfur dioxide. The proposed Aeration Blower System Improvements Project includes the addition of one single-stage, high efficiency blower/motor and related electrical and control equipment in the existing Blower Building. Additionally, the improvements include the addition of dissolved oxygen monitoring equipment, air flow control valves, and controls to allow blower and air flow control to optimize aeration tank dissolved oxygen levels.

EXHIBIT B

STATE OF INDIANA WASTEWATER REVOLVING LOAN PROGRAM

FINANCIAL ASSISTANCE AGREEMENT made as of this ____ day of _____ 2009 by and between the Indiana Finance Authority (the "Finance Authority"), a body politic and corporate, not a state agency but an independent instrumentality of the State of Indiana (the "State") and the City of Lafayette, Indiana (the "Participant"), a political subdivision as defined in I.C. 13-11-2-164 and existing under I.C. 36-4, witnesseth:

WHEREAS, the State's Wastewater Revolving Loan Program (the "Wastewater SRF Program") has been established in accordance with the federal Clean Water Act and the regulations promulgated thereunder, and pursuant to I.C. 13-18-13 (the "Wastewater SRF Act"), which Wastewater SRF Act also establishes the wastewater revolving loan fund (the "Wastewater SRF Fund"); and

WHEREAS, pursuant to the Wastewater SRF Act, the State was authorized to fund the Wastewater SRF Program with federal capitalization grants, together with required state matching funds therefor, and to operate the Wastewater SRF Program, and prior to May 15, 2005 so funded and operated the Wastewater SRF Program; and

WHEREAS, the Indiana Bond Bank (the "Bond Bank") has had a longstanding commitment to finance water quality and drinking water projects for qualified entities by issuing its bonds, pursuant to I.C. 5-1.5, for the purpose of buying securities of such qualified entities and financed by the Wastewater SRF Program, including the required state matching funds, and prior to May 15, 2005 so financed the Wastewater SRF Program; and

WHEREAS, pursuant to Public Law 235 - 2005, by operation of law and effective May 15, 2005, the Finance Authority has become the successor to the State in all matters related to the Wastewater SRF Program (including use and acceptance of federal capitalization grants and required state matching funds and operation of the Wastewater SRF Program) and to the Bond Bank in all matters related to the financing of the Wastewater SRF Program (including the Bond Bank's outstanding State Revolving Fund Program Bonds and securities of all qualified entities purchased with the proceeds of such bonds); and

WHEREAS, the Participant is a duly existing political subdivision of the State, lawfully empowered to undertake all transactions and execute all documents mentioned or contemplated herein; and

WHEREAS, the Participant has previously entered into an Amended and Restated Financial Assistance Agreement with the State, dated as of June 29, 2001 (the "Prior Agreement"), to borrow money from the Wastewater SRF Program to construct and acquire a separate project (as described and defined in the Prior Agreement); and

WHEREAS, the Participant has determined to undertake a wastewater treatment system project (as more fully described herein, the "Project") and to borrow money from the Wastewater SRF Program to construct and acquire the Project; and

WHEREAS, the Finance Authority and the Participant desire to set forth the terms of such financial assistance as hereinafter provided.

NOW THEREFORE, in consideration of the mutual covenants herein set forth, the Finance Authority and the Participant agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms shall, for all purposes of this Agreement, have the following meaning:

"Agency" shall mean the United States Environmental Protection Agency or its successor.

"American Recovery and Reinvestment Act" shall mean the American Recovery and Reinvestment Act of 2009, and other laws, regulations and guidance supplemental thereto (including the Clean Water Act), as amended and supplemented from time to time.

"Authorizing Instrument(s)" shall mean the separate trust indenture(s) of the Participant entered into with a corporate trustee or the detailed resolution(s) or ordinance(s) of the governing body of the Participant pursuant to which the Bonds are issued in accordance with State law.

"Authorized Representative" shall mean the Controller of the Participant or such other officer, official, or representative of the Participant duly authorized to act for and on behalf of the Participant as provided for herein.

"Bond" or **"Bonds"** shall mean the instrument(s) (including the 2009 Bonds and the 2009 BAN) which evidence(s) the Loan, as authorized by the Authorizing Instrument and containing the terms set forth in Section 2.02 of this Agreement.

"Bond Fund" shall mean the separate and segregated fund or account established and created by the Participant pursuant to the Authorizing Instrument from which payment of the principal of and interest on the Bonds is required to be made by the Participant.

"Business Day" shall mean any day other than a Saturday, Sunday or State legal holiday or any other day on which financial institutions in the State are authorized by law to close and to remain closed.

“Clean Water Act” shall mean the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387, and other laws, regulations and guidance supplemental thereto (including the American Recovery and Reinvestment Act), as amended and supplemented from time to time.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, together with the regulations related thereto.

“Construction Fund” shall mean the separate and segregated fund or account established and created by the Participant pursuant to the Authorizing Instrument to receive proceeds of the Bonds and from which Eligible Costs of the Project may be paid by the Participant.

“Credit Instrument” means a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Credit Provider that is used by the Participant to meet all or a portion of any debt service reserve requirement securing the Bonds or any other bonds payable from the revenues of the Treatment Works, which bonds are on a parity with the Bonds.

“Credit Provider” means a bank, insurance company, financial institution or other entity providing a Credit Instrument.

“Department” shall mean the Indiana Department of Environmental Management created under I.C. 13-13-1-1 or its successor.

“Deposit Agreement” shall mean an agreement between the Participant and the Deposit Agreement Counterparty in such form as from time to time determined by the Finance Authority pursuant to which (a) the Participant’s Bond Fund (including any reserve account established and created by the Participant pursuant to the Authorizing Instrument related thereto) shall be held by such Deposit Agreement Counterparty and available for payment of the Bonds and any other similar obligations of the Participant that are payable from the Bond Fund regardless whether they are on a parity basis, (b) such Deposit Agreement Counterparty serves as the paying agent for the Bonds and any other such similar obligations of the Participant that are payable from the Bond Fund, and (c) the Participant’s Construction Fund may be held by such Deposit Agreement Counterparty upon any Loan disbursement by the Finance Authority to it from time to time.

“Deposit Agreement Counterparty” shall mean the financial institution that enters into a Deposit Agreement with the Participant, which financial institution shall be approved by the Finance Authority and may be replaced by the Finance Authority from time to time.

“Director of Environmental Programs” shall mean the person designated by the Finance Authority as authorized to act as the Director of Environmental Programs (which designation includes such Director’s assumption of the duties previously assigned to the

Wastewater SRF Program Representative and the Wastewater SRF Program Director) and where not limited, such person's designee.

"Disbursement Agent" shall mean the party disbursing the Loan to or for the benefit of the Participant, which shall be the Trustee unless amounts are held in the Construction Fund, in which case the Disbursement Agent shall thereafter be the Deposit Agreement Counterparty as the party disbursing amounts are held in the Construction Fund unless otherwise agreed by the Finance Authority.

"Disbursement Request" shall mean a request for a disbursement of the Loan made by an Authorized Representative in such form as the Finance Authority may from time to time prescribe.

"Eligible Cost" shall mean and include, whether incurred before or after the date of this Agreement, all costs which have been incurred and qualify for Financial Assistance, including engineering, financing and legal costs related thereto.

"Equity Account" shall mean the Equity Grant Account, the Equity Earnings Account and any other Equity account, each as created and existing from time to time under the Wastewater SRF Indenture and held as part of the Wastewater SRF Fund.

"Finance Authority" shall mean the Indiana Finance Authority, a body politic and corporate, not a state agency but an independent instrumentality of the State.

"Finance Authority Bonds" shall mean (A) any Indiana Bond Bank State Revolving Fund Program Bonds issued as a part of the Wastewater SRF Program within the meaning of the Wastewater SRF Indenture and (B) any Finance Authority State Revolving Fund Program Bonds or other similar obligations of the Finance Authority issued as a part of the Wastewater SRF Program within the meaning of the Wastewater SRF Indenture.

"Financial Assistance" shall mean the financial assistance authorized by the Clean Water Act, including the Loan.

"Loan" shall mean the purchase of the Bonds by the Finance Authority to finance the planning, designing, constructing, renovating, improving and expanding of the Participant's Treatment Works or refinance an existing debt obligation where such debt was incurred and building of such systems began after March 7, 1985, but does not mean the provision of other Financial Assistance.

"Loan Forgiveness" shall mean the forgiveness and discharge of the 2009 BAN as provided by Section 2.02(e) herein to the extent permitted by the American Recovery and Reinvestment Act.

"Loan Reduction Payment" shall mean in any circumstances where there is a balance (inclusive of Loan proceeds and any earnings) in the Construction Fund, any action causing such

balance to be applied to a reduction in the maximum aggregate amount of the Loan outstanding other than pursuant to regularly scheduled principal payments or optional redemptions applicable to the Bonds. A Loan Reduction Payment shall not be applicable unless Loan amounts are held in the Construction Fund.

“Non-Use Close-out Date” shall mean that date which is the earlier of (a) the first date as of which the full amount of the Loan has been disbursed on a cumulative basis (which shall also be deemed to have occurred when and if such amounts have been deposited in the Participant’s Construction Fund) or (b) the date as of which the Participant binds itself that no further Loan disbursements will be made under this Agreement.

“Non-Use Fee” shall mean a fee in an amount determined by the Finance Authority charged to compensate it for costs and expenses within the Wastewater SRF Program. Such amount shall be the greater of (A) the product of the undrawn balance of the Loan on each applicable Non-Use Assessment Date multiplied by one percent (1%) or (B) One Thousand Dollars (\$1,000). Such fee shall apply and be payable under Section 5.09 herein with respect to each Non-Use Assessment Date until the Non-Use Close-out Date shall occur. A Non-Use Fee shall not be applicable if the full amount of the Loan has been disbursed and deposited in the Participant’s Construction Fund by the Non-Use Assessment Date.

“Non-Use Assessment Date” shall mean _____ 1, 2011 and the first day of each sixth (6th) calendar month thereafter unless and until the Non-Use Close-out Date occurs in advance of any such Non-Use Assessment Date.

“Operation and Maintenance” shall mean the activities required to assure the continuing dependable and economic function of the Treatment Works, including maintaining compliance with National Pollutant Discharge Elimination System permits, as follows:

(1) Operation shall mean the control and management of the united processes and equipment which make up the Treatment Works, including financial and personnel management, records, reporting, laboratory control, process control, safety and emergency operation planning and operating activities.

(2) Maintenance shall mean the preservation of the functional integrity and efficiency of equipment and structures by implementing and maintaining systems of preventive and corrective maintenance, including replacements.

“Plans and Specifications” shall mean the detailed written descriptions of the work to be done in undertaking and completing the Project, including the written descriptions of the work to be performed and the drawings, cross-sections, profiles and the like which show the location, dimensions and details of the work to be performed.

“Preliminary Engineering Report” shall mean the information submitted by the Participant that is necessary for the Finance Authority (or if submitted to the Department prior to May 15, 2005, then the Department in its role as predecessor to the Finance Authority in certain

matters related to the Wastewater SRF Program) to determine the technical, economic and environmental adequacy of the proposed Project.

“Project” shall mean the activities or tasks identified and described in Exhibit A to this Agreement, and incorporated herein, as amended or supplemented by the Participant and consented to by the Finance Authority, for which the Participant may expend the Loan.

“Purchase Account” shall mean the account by that name created by the Wastewater SRF Indenture and held as part of the Wastewater SRF Fund.

“Reamortization Methodology” shall mean a change in principal maturities of the Bonds by use of the following methodology caused by the Project being Substantially Complete with a portion of the Loan (including any amounts held in the Construction Fund) not being subject to disbursement to pay further Project costs, whether such is effected by means of a Loan Reduction Payment or a reduction in the maximum Loan amount available under this Agreement as determined by the Finance Authority:

(1) as between the 2009 Bonds and the 2009 BAN, shall be reduced in the same proportion as would have had been applied to such Loan, had the Loan been first allocated under the SRF Policy Guidelines on the date of this Agreement in the aggregate amount finally drawn; and

(2) the principal maturities of the 2009 Bonds shall be modified in such amounts and with such maturities as achieves as level annual debt service for such 2009 Bonds as practicable during each annual period (commencing in the first full bond year after application of this methodology and ending no later than the date of the final maturity of the 2009 Bonds as originally scheduled);

provided that (a) this methodology is agreed to be consistent with the methodology prescribed in the Authorizing Instrument and as originally applied to the Bonds and (b) any principal payment on the 2009 Bonds due and payable prior to application of this methodology shall not be affected by this methodology.

“Settlement Costs” shall mean any and all fees, costs, losses or expenses incurred (or estimated to be incurred) by the Finance Authority resulting or arising from a Loan Reduction Payment (including without limitation interest and earnings differentials when the Finance Authority seeks to lend such Loan Reduction Payment to another Wastewater SRF Program borrower). In connection with the Loan made pursuant to this Agreement, there are agreed to be no Settlement Costs.

“Settlement Fee” shall mean a fee payable by the Participant to the Finance Authority to compensate the Finance Authority for its Settlement Costs in circumstances where there has been a Loan Reduction Payment.

“SRF Policy Guidelines” shall mean guidance of general applicability (as from time to time published, amended and supplemented by the Finance Authority) pertaining to participants utilizing financial assistance in connection with their projects funded in whole or in part through the Wastewater SRF Program.

“State” shall mean the State of Indiana.

“Substantial Completion of Construction” shall mean the day on which the Finance Authority (or if designated by the Finance Authority, the Department) determines that all but minor components of the Project have been built, all equipment is operational and the Project is capable of functioning as designed.

“Treatment Works” shall mean all, or any part of, the devices and systems for storage, transport, treatment, recycling and reclamation of municipal sewage, domestic sewage or liquid industrial wastes, or necessary to recycle or reuse water at the most economical cost over the life of the wastewater treatment system, including one or more of the following:

- (1) Intercepting sewers, outfall sewers, sewage collection systems, individual systems, pumping, power and other equipment and their appurtenances.
- (2) Extensions, improvements, remodeling, additions and alterations thereof.
- (3) Elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities.
- (4) Any part of the wastewater treatment system including the land which will be an integral part of the treatment process or is used for ultimate disposal of residue resulting from such treatment, including land used for (i) composting sludge, (ii) temporary storage of such sludge and (iii) the storage of treated wastewater in land treatment systems before land application.
- (5) Any other method or system for preventing, abating, reducing, storing, treating, separating or disposing of municipal or industrial waste, including waste in combined storm water and sanitary sewer systems.

“Trustee” shall mean The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana, in its capacity as trustee or its successor under the Wastewater SRF Indenture.

“2009 Recovery Grant” shall mean the federal capitalization grant, if any, made available to the Finance Authority pursuant to the American Recovery and Reinvestment Act by the Agency for use as part of the Wastewater SRF Program, provided that such grant is available and designated by the Finance Authority as a source of funding for all or a portion of the Loan, whether such designation by the Finance Authority occurs when this Agreement is entered into or later.

“Wastewater SRF Fund” shall mean the wastewater revolving loan fund as established by I.C. 13-18-13-2.

“Wastewater SRF Indenture” shall mean the Sixth Amended and Restated Wastewater SRF Trust Indenture, dated as of April 1, 2007 between the Finance Authority (as successor by operation of law to the State in all matters related to the Wastewater SRF Program) and the Trustee, as amended and supplemented from time to time.

(End of Article I)

ARTICLE II

PURPOSE OF BORROWING AND LOAN TERMS

Section 2.01. Amount; Purpose. The Finance Authority agrees to Loan an amount not to exceed _____ Dollars (\$_____) in aggregate principal amount to the Participant as Financial Assistance to pay for the Eligible Costs, as hereinafter described, of the Project on, and subject to, the terms and conditions contained herein. The Loan shall be used only to pay the following Eligible Costs: (a) eligible planning services for the production of a Preliminary Engineering Report ("Planning"), (b) eligible design services for the production of Plans and Specifications ("Design") and (c) eligible construction costs, including financing and legal costs ("Construction"). The Loan shall be funded solely from unallocated and available proceeds of the 2009 Recovery Grant or from other sources (including its Purchase Account and Equity Accounts) that the Finance Authority may, in its sole discretion, designate. The Loan is evidenced by the Bonds executed and delivered by the Participant contemporaneously herewith. The Bonds shall be in fully registered form, with the Finance Authority registered as the registered owner. So long as the Finance Authority is the registered owner, the principal of and redemption premium, if any, and interest on the Bonds shall be paid to the Trustee by a wire transfer referenced as follows: The Bank of New York, ABA 021 000 018, For Credit to GLA: 111-565, For Final Credit: TAS #610026, Account Name: IN SRF QE Deposit, Attn: Amy L Oram. The Participant agrees to undertake and complete the Project and to receive and expend the Loan proceeds in accordance with this Agreement.

Section 2.02. The Bonds.

(a) Until paid, the Sewage Works Revenue Bonds of 2009 ("2009 Bonds") will bear interest at the per annum rate of _____ and _____ One-Hundredths percent (_____ %). Such interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, and be as provided in I.C. 13-18-13-10 and -15. Interest, if any, on the 2009 Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2010. The 2009 Bonds will be in the aggregate principal amount of _____ Dollars (\$_____). Subject to Section 2.05 and 2.06 herein, the 2009 Bonds will mature on January 1 and July 1 of each of the years set forth in, and at the principal amount set opposite each such month and year set forth in the schedule contained in the attached Exhibit B to this Agreement (which is hereby incorporated by reference); provided, however, notwithstanding the foregoing or the terms of the 2009 Bonds to the contrary, no maturity of 2009 Bonds shall extend beyond the date which is twenty (20) years after Substantial Completion of Construction. If the maturity date for any 2009 Bonds is beyond such date, unless otherwise agreed to, such 2009 Bonds, together with accrued and unpaid interest thereon, will be due and payable on such date.

(b) Until paid, the Sewage Works Bond Anticipation Note of 2009 ("2009 BAN") will bear interest at the per annum rate of zero percent (0%). Such interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, and be as provided in I.C. 13-18-13-

10 and -15. Interest, if any, on the 2009 BAN will be payable on January 1 and July 1 of each year, commencing January 1, 2010. The 2009 BAN will be in the aggregate principal amount of _____ Million _____ Hundred Thousand Dollars (\$_____,000). Subject to Section 2.05 and 2.06 herein, the 2009 BAN will mature on April 15, 2013.

(c) The Bonds will be subject to redemption by the Participant as provided in the Authorizing Instrument. The Loan, and the Bonds evidencing it, will be subject to payment by the Participant as provided in this Agreement.

(d) The form and other terms of the Bonds will be in conformity with the Authorizing Instrument.

(e) The principal maturity of the 2009 BAN is subject to Loan Forgiveness (which evidences a portion of the Loan made hereunder) and shall be deemed forgiven and discharged on April 15, 2013 to the extent permitted by the American Recovery and Reinvestment Act, provided however that there is not then existing any default under this Agreement and the Participant has otherwise complied with the terms and conditions of this Agreement (including having timely made principal and interest payments on the remainder of the maturities of the 2009 Bonds).

Section 2.03. Disbursement Conditions. Each of the following shall be a condition precedent to the disbursement of the Loan or any portion thereof (including from the Construction Fund):

(a) (1) With respect to procurement of professional services related to the Project to be paid from Loan proceeds, the Participant shall have complied with applicable State law and SRF Policy Guidelines. (2) With respect to procurement of all other goods and services related to the Project to be paid from Loan proceeds, the Participant shall have complied with I.C. 36-1-12 and SRF Policy Guidelines.

(b) No representation, warranty or covenant of the Participant contained in this Agreement or in any paper executed and delivered in connection with the transactions contemplated by this Agreement shall be false or inaccurate in any material respect.

(c) The Participant shall undertake and faithfully perform each of its obligations, agreements and covenants contained in this Agreement, the Authorizing Instrument and the Bonds.

(d) There shall be available to the Finance Authority uncommitted funds in an amount sufficient to satisfy the Finance Authority's obligations hereunder from the proceeds of the 2009 Recovery Grant or from other sources (including its Purchase Account and Equity Accounts) that the Finance Authority may, in its sole discretion, designate; provided however, once Loan proceeds have been deposited in the Construction Fund, such condition shall be deemed satisfied.

(e) The Participant shall have undertaken all actions necessary to comply with and satisfy the conditions and requirements for a Loan secured with money made available from the Wastewater SRF Fund as set forth in federal and State statutes, rules and regulations, including I.C. 13-18-13, SRF Policy Guidelines, the Clean Water Act and 40 C.F.R. Part 35.

(f) Prior to making any Loan disbursement to pay any Construction costs, the Project shall have been approved by the State's Historical Preservation Officer in a manner consistent with the policies and practices of the Wastewater SRF Program (the "Historical Preservation Approval"). Notwithstanding any provision of this Agreement to the contrary, in the event a Historical Preservation Approval has not been given within four (4) months after the date of this Agreement, the Finance Authority may, in its sole discretion, (i) reduce the aggregate amount of the Loan to the amount then disbursed and outstanding under this Agreement and (ii) if any amounts are held in the Construction Fund, require a Loan Reduction Payment pursuant to Section 2.06 as if it were a date that was three (3) years after the dated date of the Bonds. Upon giving notice to the Participant of such action, no further Loan disbursement (including from the Construction Fund) may be made under this Agreement unless consented to by the Finance Authority.

(g) In the event the Bonds are payable from rates and charges of the Treatment Works and if requested by the Finance Authority, the Participant shall provide evidence satisfactory to the Finance Authority demonstrating that such rates and charges are at a level adequate to produce and maintain sufficient net revenue after providing for the proper Operation and Maintenance of the Treatment Works, on a proforma basis consistent with SRF Policy Guidelines, to provide 1.25x coverage on all obligations of the Treatment Works (including the Bonds).

Section 2.04. Disbursement Procedures. Loan proceeds (including any held from time to time in the Construction Fund) shall be disbursed to the Participant by the Disbursement Agent for actual Eligible Costs incurred with respect to the Project. The Finance Authority may, in its discretion, cause Loan disbursements to be made (a) directly to the person or entity identified in the Disbursement Request to whom payment is due, or (b) if advised in writing by the Participant that I.C. 36-1-12-14 or a similar law applies to the Project, to the Participant for purposes of collecting retainage, or some combination thereof. Any Loan proceeds in excess of the amount subject to retainage controlled by the Participant will be immediately remitted to the person or entity to whom payment is due, no later than three (3) Business Days after receipt or the date such Loan proceeds are no longer subject to retainage. The Finance Authority may, in its discretion, cause Loan disbursements to be made from time to time, in whole or in part, to the Participant's Construction Fund for disbursement consistent with this Agreement. Loan disbursements shall not be made more frequently than monthly and shall only be made following the submission of a Disbursement Request to the Finance Authority. Disbursement Requests shall be approved by the Director of Environmental Programs prior to submission to the Disbursement Agent for a Loan disbursement. Disbursement Requests shall be numbered sequentially, beginning with the number 1.

Section 2.05. Effect of Disbursements. Loan disbursements made to or for the benefit of the Participant shall be deemed to be a purchase, first, of the 2009 Bonds for any Loan Disbursements made on the date hereof, second, of the 2009 BAN unless cost related to a disbursement has been designated as not eligible for funding from the 2009 Recovery Grant and, third, of the remainder of the 2009 Bonds in order of their maturities, provided that if the original maximum aggregate amount of the Loan is not disbursed (or not required to be disbursed pursuant to Section 2.06(a) or (b) herein), then the maturities of the Bonds (including as set forth in Exhibit B) shall be modified consistent with the Reamortization Methodology. The deposit of Loan proceeds in the Construction Fund shall be deemed to be a purchase of the Bonds. Interest on the Loan commences on disbursement of the Loan to or for the benefit of the Participant (including any amounts disbursed to the Construction Fund) by the Finance Authority and the Bonds shall be deemed to be purchased in the full amount thereof. Each disbursement (including any amounts disbursed from the Construction Fund) shall be made pursuant to a Disbursement Request. In the event any Loan disbursement (including any amounts disbursed from the Construction Fund) shall be made in excess of Eligible Costs, such excess disbursements shall be immediately paid by the Participant to the Disbursement Agent (and if made from any amounts held in the Construction Fund, shall be immediately deposited by the Participant into such Construction Fund) and thereafter may, subject to the terms and conditions set forth in this Agreement, be applied thereafter to pay Eligible Costs of the Project by the Participant.

Section 2.06. Acknowledgment of Amount of Loan; Interim Contractual Commitment Requirements; Final Disbursement. (a) Within 30 days after any request by the Finance Authority from time to time, the Participant shall execute and deliver to the Finance Authority an acknowledgment in the form prescribed by the Finance Authority which acknowledges the outstanding principal of and interest on the Bonds. Unless the Finance Authority consents in writing, no Loan disbursement shall be made more than one year after Substantial Completion of Construction. After Substantial Completion of Construction, upon the request of the Finance Authority, the Participant shall replace, at its expense, the Bonds with substitutes issued pursuant to the Authorizing Instrument to evidence the outstanding principal under the Loan.

(b) In the event that (i) Construction has not commenced by December 1, 2009 or (ii) the Participant has not entered into contracts related to Eligible Costs as of December 1, 2009 which obligate the Participant to make payments that aggregate an amount at least equal to the maximum Loan amount hereunder ("Contractual Commitments"), then the Loan balance available pursuant to this Agreement shall be reduced as of December 1, 2009 to an aggregate amount equal to Contractual Commitments as of December 1, 2009 (the "Reduced Loan Amount"). The Participant agrees to certify to the Finance Authority by no later than December 5, 2009 (i) the aggregate amount of the Contractual Commitments by December 1, 2009, (ii) that true and accurate copies of the contracts constituting such Contractual Commitments have been provided to the Finance Authority, (iii) whether Construction has commenced by December 1, 2009 and (iv) such additional information as required by SRF Policy Guidelines. The Finance Authority may in its discretion determine one or more later dates to apply to the foregoing provisions of this Section 2.06(b) provided that such actions by such dates permits compliance

with the American Recovery and Reinvestment Act without any deobligation of the 2009 Recovery Grant funds.

(c) In addition to Section 2.06(b), in the event there remains a balance (inclusive of Loan proceeds and any earnings) in the Construction Fund on the date that is the earlier of (i) one year after Substantial Completion of Construction or (ii) three (3) years after the dated date of the Bonds (or in either such circumstance, such later date as the Finance Authority may approve in its discretion), the Participant agrees to make a Loan Reduction Payment, and to pay a Settlement Fee, to the Finance Authority within 10 days after any Finance Authority written demand. Any Loan Reduction Payment shall be applied and Bond maturities modified consistent with the Reamortization Methodology. If the Authorizing Instrument permits the Participant to apply Bond proceeds to pay interest accruing on or before Substantial Completion of Construction, the Participant may seek to reimburse itself for such interest costs it has paid pursuant to a Disbursement Request provided, unless otherwise approved by the Finance Authority, any such reimbursement shall be limited to the amount thereof that the Participant causes to be used to pay the Settlement Fee. If the Participant fails to make such Loan Reduction Payment or to pay a Settlement Fee by such date, the Finance Authority and Deposit Agreement Counterparty are authorized to cause any balance held in the Construction Fund to be so applied without further direction and authorization from the Participant. Notwithstanding the foregoing, if requested by the Finance Authority, in lieu of the Participant making a Loan Reduction Payment together with any Settlement Fee payment, the Finance Authority may in its discretion require the Participant to hold any remaining balance (inclusive of Loan proceeds and any earnings) in the Construction Fund until such amounts may be applied on the first optional redemption date applicable to the Bonds, and upon any such request, the Participant agrees to cause such amounts to be so held and applied on such date.

(End of Article II)

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PARTICIPANT

Section 3.01. Planning, Design and Construction Covenants. The Participant hereby covenants and agrees with the Finance Authority that the Participant will:

(a) Provide information as requested by the Finance Authority to determine the need for, or to complete any necessary, environmental review or analysis.

(b) Comply with the procurement procedures and affirmative action requirements contained in SRF Policy Guidelines in the Planning, Design and Construction of the Project to the extent that such are to be paid from Loan proceeds.

(c) With respect to prime and first tier contract awards, report minority and women business enterprise utilization in the Planning, Design and Construction of the Project, to the extent that such are to be paid from Loan proceeds, by executing and delivering Agency Form SF 5700-52 to the Finance Authority whenever any agreements or subagreements are awarded. (These reports must be submitted on regular reporting cycles consistent with SRF Policy Guidelines commencing after such agreement or subagreement is awarded.)

(d) Comply with all applicable federal, State and local statutes, rules and regulations relating to the acquisition and construction of the Treatment Works.

(e) In the event Construction is to be paid from Loan proceeds, prior to an award of any contract for Construction of the Project, obtain a construction permit from the Department and receive the written approval of the Finance Authority (or if approved by the Department prior to May 15, 2005, then the Department in its role as predecessor to the Finance Authority in certain matters related to the Wastewater SRF Program) of the Preliminary Engineering Report.

(f) Obtain the property rights necessary to construct the Treatment Works and, in procuring any such rights comply with federal and State law.

(g) In the event Construction is to be paid from Loan proceeds, comply with the federal Davis-Bacon Act, codified at 40 U.S.C. 276a-276a-5 unless separately waived by the Finance Authority.

(h) In the event Construction is to be paid from Loan proceeds, execute and deliver to the Finance Authority Agency Form 4700-4 ("Pre-award Compliance Review Report for Wastewater Treatment Construction Grants") and Agency Form 5700-49 ("Certification Regarding the Debarment, Suspension, and Other Responsibility Matters").

(i) In the event Construction is to be paid from Loan proceeds, follow guidance issued by the Finance Authority in procuring contracts for Construction, including (1) submission to the Finance Authority (or if submitted to the Department prior to May 15, 2005, then the Department in its role as predecessor to the Finance Authority in certain matters related to the Wastewater SRF Program) of Project change orders, (2) obtaining approval from the Director of Environmental Programs of any Project change order which significantly changes the scope or Design of the Project or, when taking into account other change orders and contracts, are reasonably expected to result in expenditures in an amount greater than the Loan, (3) receiving approval from the Director of Environmental Programs prior to the award of any contract for Construction and (4) receiving authorization from the Director of Environmental Programs prior to initiating procurement of Construction of the Project.

(j) In the event Construction is to be paid from Loan proceeds, before awarding Construction contracts, receive approval of the Director of Environmental Programs for the user charge system (including any use ordinance and interlocal agreement) associated with the Project.

(k) In the event Construction is to be paid from Loan proceeds, cause the Project to be constructed in accordance with the Preliminary Engineering Report and Plans and Specifications, using approved contract papers.

(l) Permit the Finance Authority and its agents to inspect from time to time (1) the Project, (2) the Treatment Works and (3) the books and other financial records of the Treatment Works, including the inspections described in SRF Policy Guidelines. Construction contracts shall provide that the Finance Authority or its agents will have access to the Project and the work related thereto and that the Participant's contractor will provide proper facilities for such access and inspection. All files and records pertaining to the Project shall be retained by the Participant for at least six years after Substantial Completion of Construction.

(m) Upon Substantial Completion of Construction and when requested by the Finance Authority, provide audited reports to the Finance Authority to permit the Finance Authority to determine that the Loan proceeds have been used in compliance with this Agreement.

(n) In the event Construction is to be paid from Loan proceeds, within one year of Substantial Completion of Construction, consistent with SRF Policy Guidelines, certify to the Finance Authority that the Project meets performance standards, or if not met, (1) submit to the Finance Authority (or if directed by the Finance Authority, to the Department) a corrective action plan and (2) promptly and diligently undertake any corrective action necessary to bring the Project into compliance with such standards.

(o) In the event Construction is to be paid from Loan proceeds, within one year of Substantial Completion of Construction, provide as-built plans for the Project to the Finance Authority (or if directed by the Finance Authority, to the Department).

Section 3.02. General Covenants. The Participant hereby covenants and agrees with the Finance Authority that the Participant will:

(a) Comply with all applicable federal, State and local statutes, rules and regulations relating to Operation and Maintenance.

(b) (1) Own, operate and maintain the Project and the Treatment Works for their useful life, or cause them to be operated and maintained for their useful life; (2) at all times maintain the Treatment Works in good condition and operate it in an efficient manner and at a reasonable cost; and (3) not sell, transfer, lease or otherwise encumber the Treatment Works or any portion thereof or any interest therein without the prior written consent of the Finance Authority

(c) Obtain and maintain the property rights necessary to operate and maintain the Treatment Works, and in procuring any such rights, comply with federal and State law.

(d) Acquire and maintain insurance coverage acceptable to the Finance Authority, including fidelity bonds, to protect the Treatment Works and its operations. All insurance shall be placed with responsible insurance companies qualified to do business under State law. Insurance proceeds and condemnation awards shall be used to replace or repair the Treatment Works unless the Finance Authority consents to a different use of such proceeds or awards.

(e) Establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Treatment Works in accordance with (1) generally accepted governmental accounting principles, as promulgated by the Government Accounting Standards Board and (2) the rules, regulations and guidance of the State Board of Accounts.

(f) Provide to the Finance Authority such periodic financial and environmental reports as it may request from time to time, including (1) annual operating and capital budgets and (2) such other information requested or required of the Finance Authority or the Participant by the Agency.

(g) Provide notice to the Finance Authority under the circumstances contemplated, and undertake inspections as required, by SRF Policy Guidelines.

(h) (1) Establish and maintain just and equitable rates and charges for the use of and the service rendered by the Treatment Works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the Treatment Works, or that in any way uses or is served by the Treatment Works, (2) establish, adjust

and maintain rates and charges at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the Participant) to provide for the proper Operation and Maintenance of the Treatment Works, to comply with and satisfy all covenants contained herein and to pay all obligations of the Treatment Works and of the Participant with respect thereto, and (3) if and to the extent Bonds are payable from property taxes, levy each year a special ad valorem tax upon all property located in the boundaries of the Participant, to pay all obligations of the Participant with respect thereto.

(i) If the Bonds are payable from the revenues of the Treatment Works, not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Treatment Works without the prior written consent of the Finance Authority if such undertaking would involve, commit or use the revenues of the Treatment Works; provided that the Participant may authorize and issue additional obligations, payable out of the revenues of its Treatment Works, ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to the Treatment Works, or to refund obligations of the Treatment Works, subject to the conditions, if any, in the Authorizing Instrument.

(j) Comply with the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000d et seq., the Age Discrimination Act, as amended, Public Law 94-135, Section 504 of the Rehabilitation Act of 1973, as amended (including Executive Orders 11914 and 11250), 29 U.S.C. Section 794, Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500, Executive Order 11246 regarding equal employment opportunity, and Executive Orders 11625 and 12138.

(k) Undertake all actions necessary to investigate all potential, material claims which the Participant may have against other persons with respect to the Treatment Works and the Project and take whatever action is necessary or appropriate to (1) recover on any actionable, material claims related to the Project or the Planning, Design or Construction thereof, (2) meet applicable Project performance standards and (3) otherwise operate the Treatment Works in accordance with applicable federal, State and local law.

(l) Not modify, alter, amend, add to or rescind any provision of the Authorizing Instrument without the prior written consent of the Finance Authority.

(m) In the event the Participant adopts an ordinance or resolution to refund the Bonds, within 5 days of the adoption of the ordinance or resolution, provide written notice to the Finance Authority of the refunding. Any refunding of the Bonds shall only be undertaken by the Participant with the prior written consent of the Finance Authority.

(n) In any year in which disbursements exceed \$500,000 the Participant shall comply with the Single Audit Act (SAA) of 1984, as amended by the Single Audit Act Amendments of 1996 (see Circular A-133) and have an audit of their use of Federal

financial assistance. The Participant agrees to provide the Finance Authority with a copy of the SAA audit within 9 months of the audit period.

(o) Inform the Finance Authority of any findings and recommendations pertaining to the SRF program contained in an A-133 audit in which SRF Federal financial assistance was less than \$500,000.

(p) Initiate within 6 months of the audit period corrective actions for those audit reports with findings and recommendations that impact the SRF financial assistance.

(q) Notwithstanding anything in the Authorizing Instrument related to the Bonds (or in any authorizing instrument related to any other outstanding bonds payable from the revenues of the Treatment Works which are on a parity with the Bonds) to the contrary, in the event any Credit Provider that has provided a Credit Instrument fails to be rated on a long term basis at least "A-/A3" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, and Moody's Investors Service, Inc., and their successors (such Credit Instrument, a "Disqualified Instrument"), within 12 months of such failure (or pursuant to such other schedule as may be approved by the Finance Authority), the Participant shall cause cash (or a replacement Credit Instrument from a Credit Provider that is rated on a long term basis at least "AA-/Aa3" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, and Moody's Investors Service, Inc., and their successors)(or some combination thereof) in an aggregate amount equal to the stated credit available under the Disqualified Instrument(s) to be deposited in the related reserve account(s) in lieu of such Disqualified Instrument(s). No Disqualified Instrument shall be included as part of the reserve balance which satisfies any such reserve requirement under any such authorizing instrument. Nothing in this subsection shall waive or modify additional requirements contained in any such authorizing instrument (including the Authorizing Instrument related to the Bonds); the provisions of this subsection and any such authorizing instrument (including the Authorizing Instrument related to the Bonds) shall both be required to be met. Unless and until notice shall be given by the Finance Authority to the Participant, a surety policy issued by MBIA Insurance Corporation or Financial Guaranty Insurance Company that has been reinsured by National Public Finance Guarantee Corporation (formerly know as MBIA Insurance Corp. of Illinois) shall not be treated as a Disqualified Instrument.

(r) Comply with all federal requirements applicable to the Loan when funded with the 2009 Recovery Grant (including those imposed by the American Recovery and Reinvestment Act and related SRF Policy Guidelines) which the Participant understands includes, among other, requirements that all of the iron, steel, and manufactured goods used in the Project be produced in the United States unless the Participant has requested, and the Finance Authority has obtained, a waiver from the Agency pertaining to the Project.

Section 3.03. Representations and Warranties of the Participant. After due investigation and inquiry, the Participant hereby represents and warrants to the Finance Authority that:

(a) The Participant is duly organized and existing under state law, and constitutes a “political subdivision” within the meaning of I.C. 13-11-2-164 and a “participant” within the meaning of I.C. 13-11-2-151.1. The Project and the Treatment Works are subject to I.C. 36-9-23.

(b) The Participant has full power and authority to adopt the Authorizing Instrument, enter into this Agreement and issue the Bonds and perform its obligations hereunder and thereunder.

(c) By all required action, the Participant has duly adopted the Authorizing Instrument and authorized the execution and delivery of this Agreement, the Bonds and all other papers delivered in connection herewith.

(d) Neither the execution of, nor the consummation of the transaction contemplated by, this Agreement nor the compliance with the terms and conditions of any other paper referred to herein, shall conflict with, result in a breach of or constitute a default under, any indenture, mortgage, lease, agreement or instrument to which the Participant is a party or by which the Participant or its property, including the Treatment Works, is bound or any law, regulation, order, writ, injunction or decree of any court or governmental agency or instrumentality having jurisdiction.

(e) There is no litigation pending or, to the knowledge of the Participant, upon investigation, threatened that (1) challenges or questions the validity or binding effect of this Agreement, the Authorizing Instrument or the Bonds or the authority or ability of the Participant to execute and deliver this Agreement or the Bonds and perform its obligations hereunder or thereunder or (2) would, if adversely determined, have a significant adverse effect on the ability of the Participant to meet its obligations under this Agreement, the Authorizing Instrument or the Bonds.

(f) The Participant has not at any time failed to pay when due interest or principal on, and it is not now in default under, any warrant or other evidence of obligation or indebtedness of the Participant.

(g) All information furnished by the Participant to the Finance Authority or any of the persons representing the Finance Authority in connection with the Loan or the Project is accurate and complete in all material respects including compliance with the obligations, requirements and undertakings imposed upon the Participant pursuant to this Agreement.

(h) The Participant has taken or will take all proceedings required by law to enable it to issue and sell the Bonds as contemplated by this Agreement.

(i) For any outstanding bonds payable from the revenues of the Treatment Works which are on a parity with the Bonds, each Credit Provider, if any, that has provided a Credit Instrument is at least rated on a long term basis "A-/A3" long term by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies and Moody's Investors Service, Inc., and their successors, except as represented and set forth in Exhibit C attached thereto (and with respect to which, true, accurate and complete copies of each such Credit Instrument have been delivered to the Finance Authority).

Each of the foregoing representations and warranties will be deemed to have been made by the Participant as of the date of this Agreement and as of the date of any disbursement of Loan proceeds (including from the Construction Fund). Each of the foregoing representations and warranties shall survive the Loan disbursements regardless of any investigation or investigations the Finance Authority may have undertaken.

Section 3.04. Covenants Regarding Assignment. The Participant acknowledges that the Finance Authority may pledge, sell or assign the Bonds or cause the Bonds to be pledged, sold or assigned, and certain of its rights related thereto, as permitted pursuant to Section 5.02 herein. The Participant covenants and agrees to cooperate with and assist in, at its expense, any such assignment. Within 30 days following a request by the Finance Authority, the Participant covenants and agrees with the Finance Authority that the Participant will, at its expense, furnish any information, financial or otherwise, with respect to the Participant, this Agreement, the Authorizing Instrument and the Bonds and the Treatment Works as the Finance Authority reasonably requests in writing to facilitate the sale or assignment of the Bonds.

Section 3.05. Nature of Information. All information furnished by the Participant to the Finance Authority or any person representing the Finance Authority in connection with the Loan or the Project may be furnished to any other person the Finance Authority, in its judgment, deems necessary or desirable in its operation and administration of the Wastewater SRF Program.

Section 3.06. Tax Covenants. The Participant hereby covenants that it will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause to permit to be taken by it or by any party under its control, any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code. The Participant further covenants that it will not do any act or thing that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or "arbitrage bonds" within the meaning of Section 148 of the Code. In furtherance and not in limitation of the foregoing, the Participant shall take all action necessary and appropriate to comply with the arbitrage rebate requirements under Section 148 of the Code to the extent applicable to the Participant or the Bonds, including accounting for and making provision for the payment of any and all amounts that may be required to be paid to the United States of America from time to time pursuant to Section 148 of the Code.

Section 3.07. Non-Discrimination Covenant. Pursuant to and with the force and effect set forth in I.C. 22-9-1-10, the Participant hereby covenants that the Participant, and its contractor and subcontractor for the Project, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to the hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry.

(End of Article III)

ARTICLE IV

DEFAULTS

Section 4.01. Remedies. The Finance Authority's obligation to make a disbursement under the Loan to the Participant hereunder may be terminated at the option of the Finance Authority, without giving any prior notice to the Participant, in the event: (a) the Participant fails to undertake or perform in a timely manner any of its agreements, covenants, terms or conditions set forth herein or in any paper entered into or delivered in connection herewith (including the Authorizing Instrument); or (b) any representation or warranty made by the Participant as set forth herein or in any paper entered into or delivered in connection herewith is materially false or misleading. Any such event shall constitute an event of default and in addition to any other remedies at law or in equity, the Finance Authority may (x) require a Loan Reduction Payment pursuant to Section 2.06 as if it were a date that was three (3) years after the dated date of the Bonds, (y) in the event a Deposit Agreement has not previously been entered into related to the Participant's Bond Fund (including any related reserve), require the Participant to enter into a Deposit Agreement (or to modify any such previously entered Deposit Agreement) and the Participant shall enter into (or modify) such an agreement within 5 days after any such demand and (z) without giving any prior notice, declare the entire outstanding principal amount of the Loan, together with accrued interest thereon, immediately due and payable.

Section 4.02. Effect of Default. Failure on the part of the Finance Authority in any instance or under any circumstance to observe or perform fully any obligation assumed by or imposed upon the Finance Authority by this Agreement or by law shall not make the Finance Authority liable in damages to the Participant or relieve the Participant from paying any Bond or fully performing any other obligation required of it under this Agreement or the Authorizing Instrument; provided, however, that the Participant may have and pursue any and all other remedies provided by law for compelling performance by the Finance Authority of such obligation assumed by or imposed upon the Finance Authority. The obligations of the Finance Authority hereunder do not create a debt or a liability of the Finance Authority or the State under the constitution of the State or a pledge of the faith or credit of the Finance Authority or the State and do not directly, indirectly or contingently, obligate the Finance Authority or the State to levy any form of taxation for the payment thereof or to make any appropriation for their payment. Neither the Finance Authority or the State, nor any agent, attorney, member or employee of the Finance Authority or the State shall in any event be liable for damages, if any, for the nonperformance of any obligation or agreement of any kind whatsoever set forth in this Agreement.

Section 4.03. Defaults under other Financial Assistance Agreements. The Participant and the Finance Authority agree that any event of default occurring under the Prior Agreement shall constitute an event of default under this Agreement. Similarly, the Participant and the Finance Authority agree that any event of default under this Agreement, or under any subsequent financial assistance agreement enter into between the Participant and the Finance Authority, shall constitute an event of default under the Prior Agreement and the subsequent financial assistance agreement, if any, as the case may be.

(End of Article IV)

ARTICLE V

MISCELLANEOUS

Section 5.01. Citations. Any reference to a part, provision, section or other reference description of a federal or State statute, rule or regulation contained herein shall include any amendments, replacements or supplements to such statutes, rules or regulation as may be made effective from time to time. Any reference to a Loan disbursement shall include any disbursement from the Construction Fund. Any use of the term “including” herein shall not be a limitation as to any provision herein contained but shall mean and include, without limitation, the specific matters so referenced.

Section 5.02. Assignment. Neither this Agreement, nor the Loan or the proceeds thereof may be assigned by the Participant without the prior written consent of the Finance Authority and any attempt at such an assignment without such consent shall be void. The Finance Authority may at its option sell or assign all or a portion of its rights and obligations under this Agreement, the Authorizing Instrument, and the Bonds to an agency of the State or to a separate body corporate and politic of the State or to a trustee under trust instrument to which the Finance Authority, the State or any assignee is a beneficiary or party. The Finance Authority may at its option pledge or assign all or a portion of its rights under this Agreement, the Authorizing Instrument, and the Bonds to any person. The Participant hereby consents to any such pledge or assignment by the Finance Authority. This Agreement shall be binding upon and inure to the benefit of any permitted secured party, successor and assign.

Section 5.03. No Waiver. Neither the failure of the Finance Authority nor the delay of the Finance Authority to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other further exercise of any other right, power or privilege.

Section 5.04. Modifications. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto. The Participant understands that the Finance Authority, pursuant to Public Law 235-2005, by operation of law and effective May 15, 2005, has become the successor to the State and the Bond Bank, and agrees to such as if the Prior Agreement (and the Authorizing Instrument and the Bonds referenced in such Prior Agreement and all other collateral agreements and understandings thereto), were amended and restated contemporaneously herewith to such force and effect.

Section 5.05. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and there are no promises, agreements, conditions, undertakings, warranties and representations, either written or oral, expressed or implied between the parties hereto other than as herein set forth or as may be made in the Authorizing Instrument and the other papers delivered in connection herewith. In the event there is a conflict between the terms of this Agreement and the Authorizing Instrument, the terms of this Agreement shall control. It is expressly understood and agreed that except as otherwise provided herein this Agreement represents an integration of any and all prior and contemporaneous promises, agreements,

conditions, undertakings, warranties and representations between the parties hereto. This Agreement shall not be deemed to be a merger or integration of the existing terms under the Prior Agreement except as expressly set forth in Section 4.03 herein.

Section 5.06. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be executed by the Finance Authority and the Participant, and all of which shall be regarded for all purposes as one original and shall constitute one and the same instrument.

Section 5.07. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the Finance Authority or the Participant to be performed shall be deemed by a court of competent jurisdiction to be contrary to law or cause the Bonds to be invalid as determined by a court of competent jurisdiction, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements and waived and shall in no way affect the validity of the other provisions of this Agreement.

Section 5.08. Notices. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally or sent or transmitted to the appropriate destination as set forth below in the manner provided for herein. Notice to the Finance Authority shall be addressed to:

Indiana Finance Authority
SRF Programs
100 North Senate, Room 1275
Indianapolis, Indiana 46204
Attention: Director of Environmental Programs

or at such other address(es) or number(s) and to the attention of such other person(s) as the Finance Authority may designate by notice to the Participant. Notices to the Participant shall be addressed to:

City of Lafayette
20 North 6th Street
Lafayette, Indiana 47901
Attention: Controller

or at such other address(es) or number(s) and to the attention of such other person(s) as the Participant may designate by notice to the Finance Authority. Any notice hereunder shall be deemed to have been served or given as of (a) the date such notice is personally delivered, (b) three (3) Business Days after it is mailed U.S. mail, First Class postage prepaid, (c) one (1) Business Day after it is sent on such terms by Federal Express or similar next-day courier, or (d) the same day as it is sent by facsimile transmission with telephonic confirmation of receipt by the person to whom it is sent.

Section 5.09. Expenses. The Participant covenants and agrees to pay (a) the fees, costs and expenses in connection with making the Loan, including issuing the Bonds and providing the necessary certificates, documents and opinions required to be delivered therewith; (b) the fees, costs and expenses in connection with making and administering the Loan; (c) the costs and expenses of complying with its covenants made herein; and (d) any and all costs and expenses, including attorneys' fees, incurred by the Finance Authority in connection with the enforcement of this Agreement, the Authorizing Instrument and the Bonds in the event of the breach by the Participant of or a default under this Agreement, the Authorizing Instrument or the Bonds. Notwithstanding clause (b) above, the Participant shall not be obligated to pay any of the fees, costs and expenses in connection with administering the Loan except as follows: (1) the Finance Authority may request and the Participant shall promptly pay (no later than the date first above written), a closing fee in connection with the Loan in an amount determined by the Finance Authority, but not exceeding \$1,000, which may not be paid from a Loan disbursement; (2) the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), an annual administrative fee in connection with the Loan in an amount determined by the Finance Authority, but not exceeding \$1,000, which may not be paid from a Loan disbursement; (3) the Finance Authority may request and the Participant shall promptly pay (no later than ten (10) days after any request), any Settlement Fee; (4) the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), a Non-Use Fee in connection with the Loan, which may not be paid from a Loan disbursement; (5) for so long as the Finance Authority is the registered owner of the Bonds, at the direction of the Finance Authority, the interest rate on the Bonds may be adjusted to lower the interest rate on the Bonds, and the difference between the amount payable as the original rate on the Bonds and the lower rate shall be deemed an additional administrative fee in connection with the Wastewater SRF Program; and (6) the Participant shall only be obligated to pay fees, costs and expenses of the Finance Authority's counsel and financial advisers in connection with making the Loan up to \$10,000, which may be paid from a Loan disbursement.

Section 5.10. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Indiana.

Section 5.11. Term. This Agreement shall terminate at such time as the Participant has fully met and discharged all of its obligations hereunder, which term may extend beyond the final payment of the Bonds or provision for the payment of the Bonds pursuant to the Authorizing Instrument.

Section 5.12. Non-Collusion. The undersigned attests, subject to the penalties of perjury, that he/she is an authorized officer or representative of the Participant, that he/she has not, nor has any other officer or representative of the Participant, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive pay, and that the undersigned has not received or paid any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of the agreement or is a payment to lawyers, accountants and engineers by the Participant related to customary services rendered in connection with the Loan.

Section 5.13. Federal Award Information. The CFDA Number for the Authority's Wastewater SRF Program (also known as the Clean Water SRF Loan Program) is 66.458 and the Federal Agency & Program Name is "US Environmental Protection Agency Capitalization Grant for Clean Water State Revolving Funds."

(End of Article V)

[THE REMAINDER OF THIS PAGE HAS
BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or officials, all as of the date first above written.

CITY OF LAFAYETTE, INDIANA

INDIANA FINANCE AUTHORITY

“Participant”

“Finance Authority”

By: _____

By: _____

Printed: _____

James P. McGoff
Director of Environmental Programs

Title: _____

Attested by Finance Authority Staff:

Attest: _____

By: _____

EXHIBIT A

The Project involves the following:

[GET PROJECT DESCRIPTION from the SRF PER letter]

The Project is more fully described in, and shall be in accordance with, the Preliminary Engineering Report and the Plans and Specifications approved by the Finance Authority (or if designated by the Finance Authority, the Department).

EXHIBIT B
Principal Payment Schedule for the 2009 Bonds

<u>Date</u>	<u>Principal Amount</u>
1/1/2011	
7/1/2011	
1/1/2012	
7/1/2012	
1/1/2013	
7/1/2013	
1/1/2014	
7/1/2014	
1/1/2015	
7/1/2015	
1/1/2016	
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7/1/2024	
1/1/2025	
7/1/2025	
1/1/2026	
7/1/2026	
1/1/2027	
7/1/2027	
1/1/2028	
7/1/2028	
1/1/2029	
Total	

EXHIBIT C
Credit Instrument

Credit Providers rated on a long term basis lower than "A-/A3" long term by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies and Moody's Investors Service, Inc. are:

[End of Exhibit C]